GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2008 – CUYAHOGA COUNTY, OHIO

$$\text{Transit}\sqrt{\text{Hybrid Technology} + \text{Redevelopment}} - \left(\text{Oil Dependency} \times CO^2\right) = \infty\ \text{Good}$$

Mary Taylor, CPA
Auditor of State

Board of Trustees
Greater Cleveland Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113

We have reviewed the *Independent Auditors' Report* of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greater Cleveland Regional Transit Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 16, 2009

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# Comprehensive Annual Financial Report
## For the Year Ended December 31, 2008

## Greater Cleveland Regional Transit Authority
Cuyahoga County, Ohio

George F. Dixon, III
President
Board of Trustees

Joseph A. Calabrese
CEO, General Manager/
Secretary- Treasurer

*Prepared By:*
*Division of Finance and Administration*
*General Accounting*

# 2008
# INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## STATISTICAL SECTION

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Greater Cleveland Regional Transit Authority Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Greater Cleveland Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Greater Cleveland
Regional Transit Authority
Main Office
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100
website: www.rideRTA.com

July 28, 2009

George F. Dixon, III, President,
and Members, Board of Trustees
Greater Cleveland Regional Transit Authority
and Residents of Cuyahoga County, Ohio:

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the Greater Cleveland Regional Transit Authority ("GCRTA" or "Authority") for the year ended December 31, 2008. This is the twenty-first such report issued by GCRTA. It has become the standard format used in presenting the results of the GCRTA's operations, financial position, cash flows and related statistical information.

This report enables the Authority to comply with State law that requires entities reporting on a GAAP (Generally Accepted Accounting Principles) basis to file unaudited basic financial statements with the Auditor of State within 150 days of fiscal year end. This report is submitted to satisfy that requirement for the fiscal year ended December 31, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ciuni and Panichi, Inc, independent auditors, have issued an unqualified ("clean") opinion on the GCRTA's financial statements for the year ended December 31, 2008. The independent auditor's report is located at the front of the financial section of this report.

GCRTA also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by the GCRTA. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including GCRTA.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

GCRTA takes great pride in the fact that each of the previously issued Comprehensive Annual Financial Reports earned the recognition of the Government Finance Officers Association ("GFOA") in the form of its Certificate of Achievement for Excellence in Financial Reporting. This award evidences the fact that the previous CAFRs complied with stringent GFOA standards for professional financial reporting. GCRTA was the first public transit agency in Ohio to earn this important recognition and has consistently done so since 1988.

The GCRTA also submits its annual operating and capital budgets to the GFOA and has been doing so since 1990. Each of these budget documents has won the Distinguished Budget Presentation Award, having satisfied the most stringent program criteria and proven its value as (1) a policy document, (2) an operations guide, (3) a financial plan, and (4) a communication device.

## PROFILE OF GOVERNMENT AND REPORTING ENTITY

The Greater Cleveland Regional Transit Authority is an independent political subdivision of the State of Ohio. It was created in December 1974 by ordinance of the City of Cleveland, Ohio, and by resolution of the Board of County Commissioners of Cuyahoga County, Ohio. Operations at GCRTA began in September 1975. The GCRTA provides virtually all-mass transportation within the County. The North Olmsted and Maple Heights transit systems merged with GCRTA in March 2005 to form a single transit system that will meet the needs of the public in Cuyahoga County. It is a multimodal system delivering bus, paratransit, heavy rail and light rail services.

A ten-member Board of Trustees (Board) establishes policy and sets direction for the management of the GCRTA. Four of the members are appointed by the Mayor of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by suburban mayors, city managers, and township trustees. Board members serve overlapping three-year terms. Under the provisions of General Accounting Standards Board ("GASB") Statement No. 14, the GCRTA is considered to be a jointly governed organization.

Responsibility for the line administration rests with the CEO, General Manager/Secretary-Treasurer. He supervises five Deputy General Managers who head the Operations, Legal Affairs, Finance & Administration, Engineering & Project Management and the Human Resources divisions. Additionally, the Office of Management and Budget and the Office of External Affairs function outside of the divisional configuration and report directly to the General Manager. The Internal Audit Department reports to the Board of Trustees and maintains a close working relationship with the General Manager. An organizational chart, which depicts these relationships, follows later in this introductory section.

The GCRTA had 2,577 employees as of December 31, 2008. The system delivered 20.8 million revenue miles of bus service and 2.8 million revenue miles on its heavy and light rail systems. The service fleet was composed of 556 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 86 demand responsive vehicles.

The annual cash basis-operating budget is proposed by management, at the department level, and adopted by the Board of Trustees after public discussion. The budget for each division and department is represented by appropriations. The Board must approve any increase in the total Authority appropriations. The General Manager must approve any inter-divisional budget transfers. The appropriate Deputy General Manager may modify appropriations to applicable departments within a division and to accounts within a department.

Budgetary control is maintained at the department level. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. The GCRTA also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations lapse at year-end. Encumbered appropriation balances are carried forward to the succeeding year and need not be reauthorized.

## ECONOMIC CONDITION AND OUTLOOK

The GCRTA's service area is contiguous with the boundaries of Cuyahoga County, Ohio. The County includes the City of Cleveland, two townships, and fifty-six other jurisdictions. This is the largest metropolitan area in Ohio and one of the largest counties in the United States. The population of this area is approximately 1.3 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 1999, manufacturing employment has dropped significantly from 16.5% of the total workforce to 10.9%, while wholesale and retail trade has significantly decreased from 24.2% since 1999 to 14.4% in 2008. The professional and related services sector work force has steadily grown from 32.2% of the total workforce since 1999 to the present rate of 44.9%, of the workforce. Our local economy took a big hit, resulting in less of our workforce being employed. The County's 2008 unemployment was 6.8%, compared to the national rate of 7.2%.

During 2006, the County Auditor completed the required reappraisal valuation of all commercial, industrial, and residential real property. This is the most recent valuation available. This process is the foundation for property taxation, and it sets the debt limitation for GCRTA. This appraisal valuation is currently at $31.9 billion.

## CURRENT YEAR REVIEW

In 2008, issues such as global warming, the slowing economy, and energy dependence on oil were on the minds of people here and around the world. Through a focus on providing outstanding, cost effective public transportation, GCRTA demonstrated that it was part of the solution in addressing these problems, and in the process, improved the quality of life in Northeast Ohio.

While oil companies were posting record profits, the public was spending more than 20 percent of their income getting to work. Frustration over the high oil prices led to a positive protest in downtown Cleveland. GCRTA hosted this event, blocking parts of the downtown area with oil barrels and buses, and allowing commuters to voice their opinions through picket signs and megaphones. The lunchtime rally captured a significant amount of media attention across the country. It also caught the eye of downtown office workers, giving GCRTA a chance to show off new highway motor coaches servicing our Park-N- Ride network.

High oil prices also put hybrid vehicles in demand. Among the hybrid offerings at the 2008 Cleveland Auto show, GCRTA’s 63 foot long Rapid Transit Vehicle (RTV) designed to service the Euclid Avenue was also on display. This hybrid vehicle was unveiled with a special graphics package featuring the Healthline logo as GCRTA’s naming rights partnership with the Cleveland Clinic and University Hospital was announced.

Hybrid technology helped ease the pain, but completely escaping the high cost of energy was impossible, even for a transit authority. Skyrocketing diesel fuel costs forced GCRTA to hold public hearings on service cuts and fare increases to offset a projected $20 million budget deficit. Appeals were made for additional state funding. And thanks to support from the Ohio Governor, $9 million was allocated from the Northeast Ohio Areawide Coordinating Agency, service cuts and surcharges fees were minimized.

Even with the changes, commuters still found transit to be a better option than driving. Ridership was up for a sixth straight year. It's trend that is the envy of other transit systems across the country. Overall, nearly 58 million rides were provided in 2008, an increase of 650,000 rides.

The biggest ridership gains came from the work trip commuters, who received their own version of an economic stimulus package by taking transit. Ridership on rail grew by 2.56 percent, and the Park-N-Ride network was equally popular. Adding to the savings was a spike in employees and employers participating in Commuter Advantage. This pre-tax program was utilized by 430 Northeast Ohio organizations and more than 10,000 employees in 2008.

Many commuters boarded trains and buses not only to save money, but also to avoid traffic. This accelerated, as road construction and expected lane closures on the Innerbelt Bridge caused major backups. Others chose to combine transit with alternative forms of travel, such as walking and biking, for personal health and the health of the planet. This was evidence by a healthy increase in bike use, which exceeded 50,000 in 2008.

Trolleys were also a place of refuge for commuters. The downtown routes were used with regularity for arriving at meetings in the morning, escaping the office at lunch, and taking a break with friends after work. The Trolleys celebrated the boarding of the millionth annual rider, with ridership growing by more than 30 percent.

It's not just our downtown that's getting a second look. Residents are discovering their neighborhoods on board GCRTA's Community Circulators. The 12 routes make frequent stops at libraries, drug stores and local shops. Unlike some of the large family vehicles, these buses are an economical choice for completing daily errands. In 2008, a local supermarket chain continued to make the Circulator even more attractive with free 2-Trip Farecards on grocery purchases of $15 or more.

Projects like the Healthline spotlight the importance of transit in solving the problems that lie ahead. The 21$^{st}$ Century Transportation Priorities Task Force, formed by Governor Strickland in 2008, is searching for new ways to address transportation needs in the state. It's an honor to have GCRTA's General Manger to serve on this committee. And it was humbling to have GCRTA's General Manager named the 2008 Outstanding Public Transportation Manger in North American by the American Public Transportation Association.

In summary 2008 was a year when new solutions were offered to old problems. It was a time when transit was seen as part of the answer to surging oil prices and global warming, and when a new formula for economic growth and development was introduced with the opening of the GCRTA Healthline.

## FUTURE PLANS

The Authority has continued to implement its Long-Range Plan. This Long-Range Plan serves as a blueprint for building tomorrow's public transit by addressing shifts in our area's population and employment centers, as well as changing travel patterns. This plan includes:

**Community Circulators** – A total of 38 Community Circulators were operational in 2008. These small buses provide neighborhood services throughout the City and the suburbs, including transfers to mainline bus and rail services over ten routes.

**Transit Centers** - Transit centers are strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. GCRTA has six existing Transit Centers at Fairview Park, Euclid, North Olmsted, Maple Heights, Parma Mall and on the east side of town.

**Park-N-Ride Lots** - Parking lots are strategically located at freeway or other major intersections. Commuters leave their cars and ride express service to and from their destinations. GCRTA provides more than 8,855 parking spaces at 21 of the rapid transit stations. In addition, the Authority operates bus Park-N-Rides at Strongsville (600 spaces) and Westlake (550 spaces). The objective of the GCRTA Park-N-Ride Development Plan is to provide rail and/or bus Park-N-Ride services for all major commuter corridors in Cuyahoga County.

## CAPITAL IMPROVEMENT PLAN

The development of the 2009 budget included preparation of a five year Capital Improvement Plan ("CIP"). This document is an outline for rebuilding and expanding service by the Authority. Totaling $420.9 million, the CIP constitutes a significant public works effort aimed at remaking the transit network and positioning the Authority, not just for the short-term, but also for the long-term future.

Significant capital improvements planned for the five-year period include:

### Rail Projects - $149.9 million

This commitment of funds includes the upgrade of the Catenary system, station and track rehabilitation, bridges, train control systems, rail vehicles overhaul, and signage. Rail projects include the rehabilitation of the rail stations totaling $56.7 million, overhaul of the heavy rail vehicles of $16.4 million, rehabilitation of the rail tracks of $26.0 million, upgrade of Catenary electrical system of $31.8 million, upgrade of our train control and signal systems of $19.0 million.

### Local Capital Projects - $ 16.3 million

Classified as Routine Capital Projects ($7.5 million) and Asset Maintenance Projects ($8.8 million), these initiatives are funded entirely from local resources. Routine Capital Projects are typically equipment requested by various departments and not funded through grants. Asset Maintenance funds are used to maintain, rehabilitate, replace, or construct assets of a smaller scope or cost than those typically supported with grants. These projects are authorized within the Authority's Capital Fund and are supported with annual allocations of sales tax receipts.

### Bridge Rehabilitation and Other Improvements - $13.2 million

Funding has been provided for the rehabilitation of six track bridges and three street bridges.

### Bus Purchases, Paratransit Vehicles and Circulator Buses - $50.6 million

The useful life of a bus, as defined by the Federal Transit Administration ("FTA") is twelve years, or five hundred thousand miles. The Authority is aggressively reducing its fleet's average age by replacing its oldest vehicles.

**Transit Centers and Shelters and Other - $39.7 million**

The Authority will be making a significant investment in the construction of Transit Centers over the next five years. These centers will be designed to provide our riders with convenient connections between local, regional and downtown transit lines. Comfortable waiting areas and time-coordinated service will make it easier for riders to transfer between routes.

**Equipment and Non Revenue Vehicles - $2.0 million**

This project calls for the upgrade of our security equipment of $1.0 million and the replacement of the operator dispatch system of $1.0 million.

**Operating Expenses and Other Expenses - $149.2 million**

Certain operating costs are budgeted as capital items as designated by the Federal Transportation Administration (FTA) to be incurred over the next several years and are reimbursable by the Federal and State governments totaling $137.1 million. These costs are recorded as operating costs in the enclosed financial statements. Included in this category is $12.1 for fare collection equipment lease.

## OTHER INFORMATION

### Certificate of Achievement for Financial Reporting

It is management's intention to submit this and future CAFRs to the Government Finance Officers Association of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe the current report conforms to the program requirements, and we expect that participation will result in improvements to our reports in coming years.

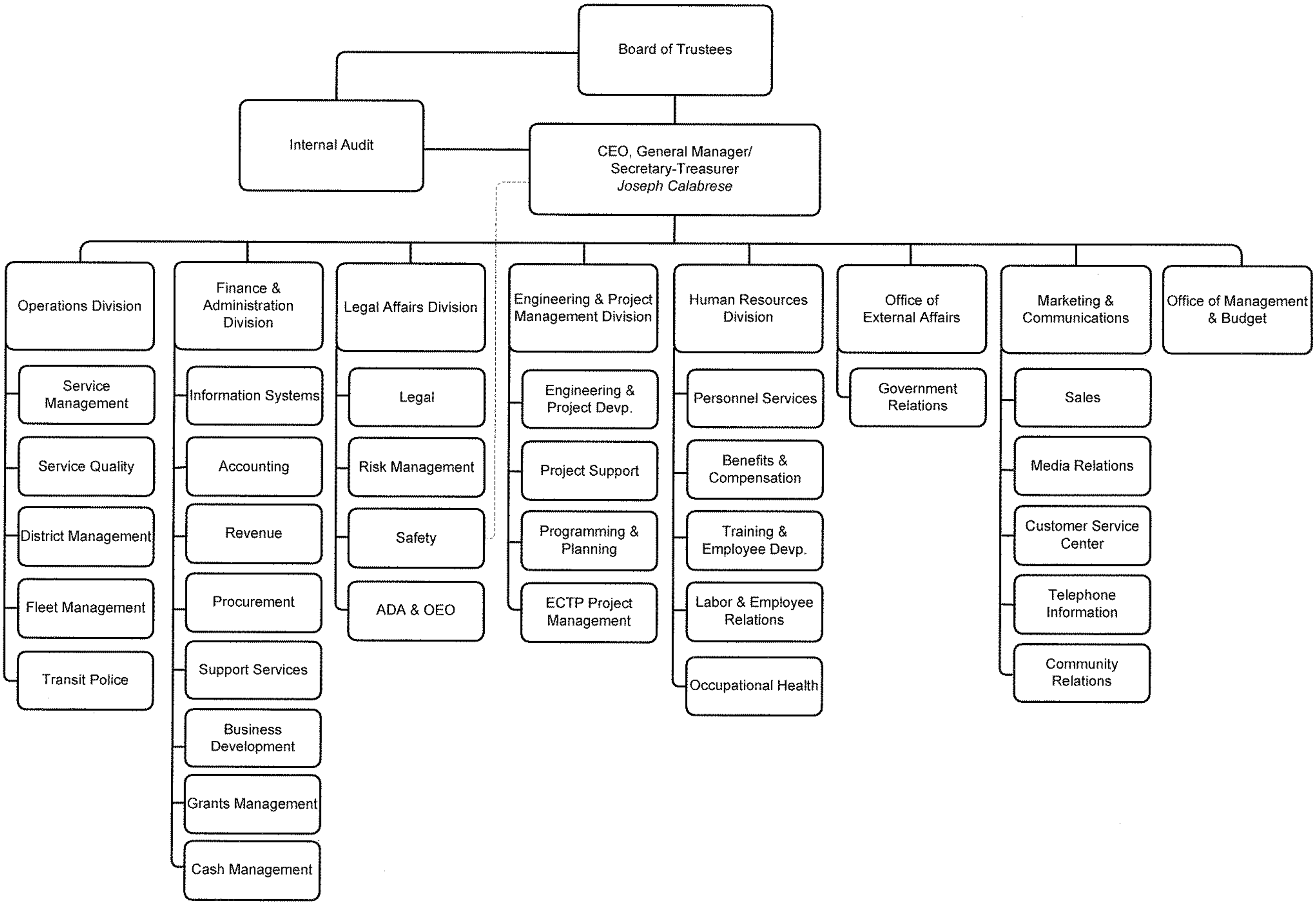

### Acknowledgments

The GCRTA expresses thanks to the staff of the Accounting Department directed by Glenn Hendrix and assisted by Angela Coats, for their work in preparing this report. Pamela Blackwell, Debra Benjamin, Louis Catalusci, Larry Ferrell and Joseph Ivan organized the project. Frances Barnett typed and proofread the entire document, and prepared it for printing. Cuyahoga County and Steven C. Letsky, Director of Accounting for the Cuyahoga County Auditor, provided supporting demographics and other statistics.


**Joseph A. Calabrese,**
Chief Executive Officer,
General Manager/
Secretary-Treasurer

**Loretta Kirk**
Deputy General Manager
Finance & Administration

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
## ORGANIZATIONAL CHART AS OF DECEMBER 31, 2008



# Board of Trustees and Executive Management Team

## BOARD OF TRUSTEES

| | |
|---|---|
| President | George F. Dixon, III |
| Vice President | Edward J. Kelley |
| Trustees | Jesse O. Anderson<br>Jane L. Campbell<br>Dennis M. Clough<br>Bill Cervenik<br>Valarie J. McCall<br>Nick "Sonny" Nardi<br>Julian A. Rogers<br>Leo Serrano |

## EXECUTIVE MANAGEMENT TEAM

Joseph A. Calabrese
Chief Executive Officer,
General Manager/Secretary-Treasurer

Bruce Hampton
Deputy General Manager,
Human Resources

Sheryl King Benford
General Counsel,
Deputy General Manager, Legal Affairs

Stephen J. Bitto
Director,
Marketing & Communications

Gale Fisk
Executive Director,
Office of Management and Budget

Anthony Garofoli
Executive Director,
Internal Audit

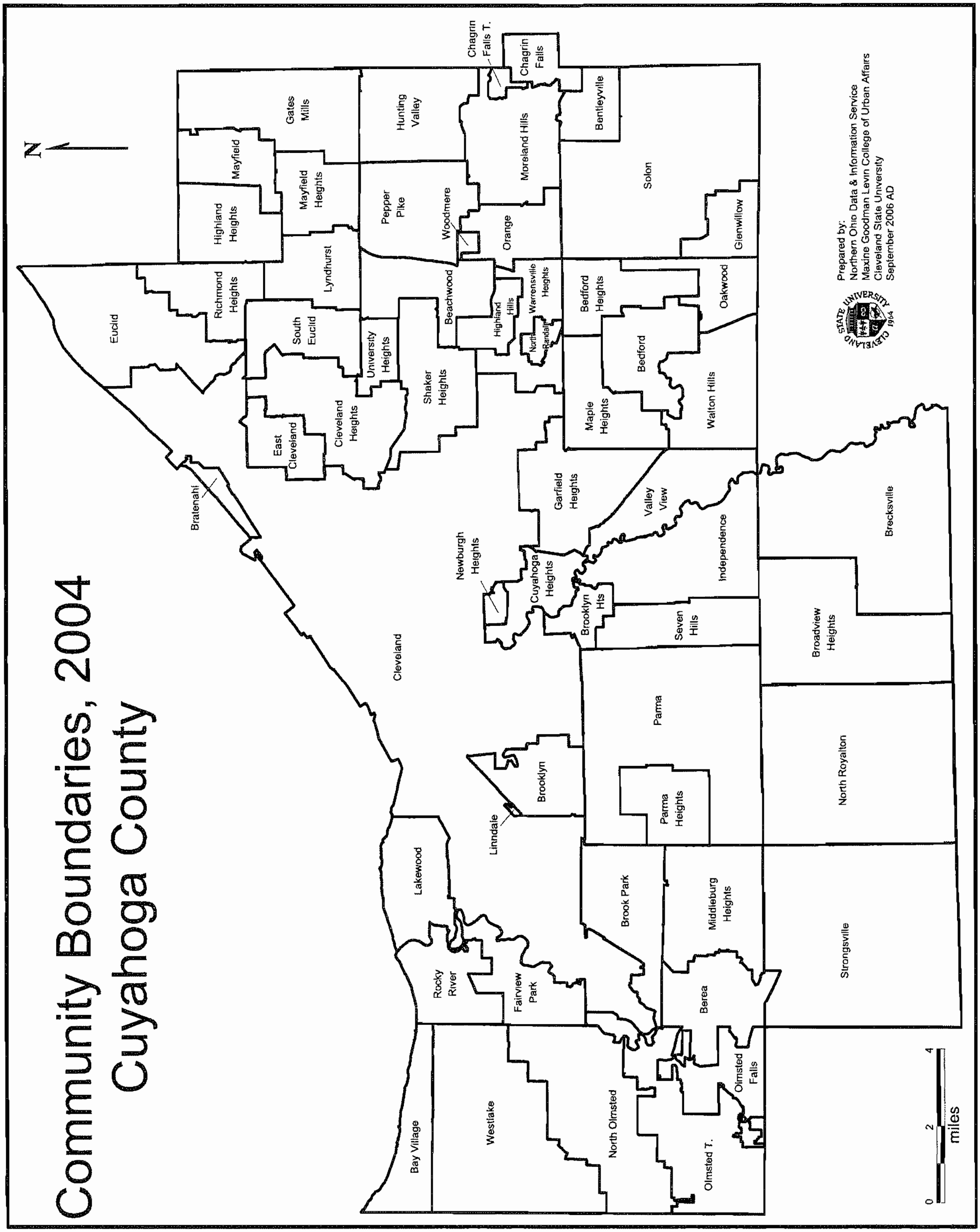
Loretta Kirk
Deputy General Manager,
Finance & Administration

Michael J. Schipper
Deputy General Manager,
Engineering & Project Management

Taras G. Smagala
Executive Director,
External Affairs

Michael York
Deputy General Manager,
Operations

Frank Polivka
Director,
Procurement


Community Boundaries, 2004
Cuyahoga County
N
Euclid
Richmond Heights
Highland Heights
Mayfield
Gates Mills
Mayfield Heights
Lyndhurst
South Euclid
Hunting Valley
Pepper Pike
Woodmere
Moreland Hills
Chagrin Falls T.
Chagrin Falls
Bentleyville
Orange
Solon
Glenwillow
Beachwood
Highland Hills
Warrensville Heights
North Randall
University Heights
Shaker Heights
Cleveland Heights
East Cleveland
Bratenahl
Bedford Heights
Oakwood
Bedford
Maple Heights
Walton Hills
Garfield Heights
Valley View
Newburgh Heights
Cuyahoga Heights
Brooklyn Hts
Independence
Brecksville
Seven Hills
Broadview Heights
Cleveland
Parma
Parma Heights
North Royalton
Brooklyn
Linndale
Lakewood
Brook Park
Middleburg Heights
Strongsville
Rocky River
Fairview Park
Berea
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Bay Village
Westlake
North Olmsted
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miles
Prepared by:
Northern Ohio Data & Information Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
September 2006 AD
CLEVELAND STATE UNIVERSITY 1964

# 2008
# FINANCIAL SECTION
## BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Ciuni & Panichi
CPAs and Business Advisors

**Independent Auditors' Report**

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the accompanying basic financial statements of the Greater Cleveland Regional Transit Authority ("Authority"), as of and for the years then ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2008 and 2007, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2008, the Authority implemented GASB Statement No. 49, *Accounting and Financial Reporting by Employees for Pollution Remediation Obligations* and GASB Statement No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
C&P Wealth Management, LLC

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Board of Trustees
Greater Cleveland Regional Transit Authority
.

The Management's Discussion and Analysis on pages 19 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ciuni & Panichi, Inc.

Cleveland, Ohio
July 28, 2009

# MANAGEMENT'S DISCUSSION AND ANALYSIS
## (UNAUDITED)

As management of the Greater Cleveland Regional Transit Authority (GCRTA or Authority), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2008 and 2007. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

**Overview of Financial Highlights**

- The Authority's net assets increased in each of the past two years with a $9.0 million, or 1.5%, increase in 2008 compared to 2007 and a $24.3 million, or 4.2%, increase in 2007 compared to 2006.

- Current assets decreased by $6.5 million or 5.5% in 2008 compared to 2007. Current assets increased by $15.3 million or 14.9% in 2007 compared to 2006.

- Current liabilities decreased by $8.2 million, or 11.0%, for 2008 compared to 2007. Current liabilities increased by $14.9 million, or 25.0%, for 2007 compared to 2006.

- The Authority's non-current liabilities increased by $32.8 million or 17.1% in 2008 compared to 2007. Non-current liabilities increased by $14.9 million or 8.4% in 2007 compared to 2006.

**Basic Financial Statements and Presentation**

The financial statements presented by the Authority are the comparative Balance Sheets; the comparative Statements of Revenues, Expenses and the Changes in Net Assets; and the comparative Statements of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets, except land, are capitalized and depreciated, over their estimated useful lives.

The Balance Sheets present information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net assets, which indicates improved financial position.

The Statements of Revenues, Expenses and Changes in Net Assets present information on how the Authority's net assets changed during the year. These statements summarize operating revenues and expenses, along with non-operating revenues and expenses. In addition, these statements list capital grant revenues received from federal, state, and local governments.

The Statements of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found beginning on page 32 of this report.

## FINANCIAL ANALYSIS OF THE AUTHORITY

### Condensed Summary of Assets, Liabilities, and Net Assets (amounts in millions)

| | December 31, 2008 | December 31, 2007 | December 31, 2006 |
|---|---|---|---|
| Assets: | | | |
| Current assets | $ 111.6 | $ 118.0 | $ 102.7 |
| Other noncurrent assets | 16.2 | 11.4 | 14.7 |
| Capital assets (net of accumulated depreciation) | 779.8 | 744.6 | 702.5 |
| Total assets | $ 907.6 | $ 874.0 | $ 819.9 |
| Liabilities: | | | |
| Current liabilities | $ 66.2 | $ 74.4 | $ 59.5 |
| Noncurrent liabilities | 224.3 | 191.5 | 176.6 |
| Total liabilities | 290.5 | 265.9 | 236.1 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 575.0 | 565.4 | 539.3 |
| Restricted | 21.7 | 6.6 | 8.9 |
| Unrestricted | 20.4 | 36.1 | 35.6 |
| Total net assets | 617.1 | 608.1 | 583.8 |
| Total liabilities and net assets | $ 907.6 | $ 874.0 | $ 819.9 |

Net assets may serve as a useful indicator of financial position. The Authority's assets exceeded liabilities by $617.1 million as of December 31, 2008, a $9.0 million increase over 2007. At December 31, 2007, assets exceeded liabilities by $608.1 million, an increase of $24.3 million over 2006.
The largest portion of the Authority's net assets reflect investment in capital assets consisting of buses, rail cars, right-of-ways, and operating facilities, less any related debt used to acquire those assets still outstanding. The Authority uses these capital assets to provide public transportation services for Cuyahoga County.

During 2008, major construction projects aggregating $177.4 million were completed and transferred to the appropriate property and facilities account. Major projects include: Euclid Corridor Project ($144.7 million), the New Flyer Buses for the Euclid Corridor Project ($16.6 million), Farebox Collection System ($6.7 million), a portion of the LRV Overhaul ($4.3 million), Abby Road Track Bridge Rehabilitation ($2.2 million), and several smaller projects with a combined total of $2.9 million.

Included in the December 31, 2008 construction in progress balance are costs associated with a portion of the LRV Overhaul, Track over Delmont, Hower and Auburndale Rehabilitation, Westpark Substation Replacement, Brookpark to Airport Cab Signal Upgrade, East 55th Street Station Rehabilitation, , along with various other projects.

During 2007, major construction projects aggregating $25.6 million were completed and transferred to the appropriate property and facilities account. Major projects include: Kingsbury Tunnels ($11.9 million), West 117th Street Station ($6.7 million), LRV Overhaul ($2.1 million), East 121st Bridge Reconstruction ($1.5 million), and several smaller projects with a combined total of $3.4 million.

Included in the December 31, 2007 construction in progress balance are costs associated with the Euclid Corridor Project, the New Flyer Buses for the Euclid Corridor Project (not in service), Farebox Collection System, Brookpark to Airport Cab Signal Upgrade, East 55th Street Station Rehabilitation, a portion of the LRV Overhaul, along with various other projects.

Readers desiring more detailed information on capital asset activity should read Note 4 - Capital Assets on page 43 included in the notes to the basic financial statements.

## Condensed Summary of Revenues, Expenses and Changes in Net Assets
## (amounts in millions)

**Description**

| | December 31, 2008 | 2007 | 2006 |
|---|---|---|---|
| Operating revenues: | | | |
| Passenger fares | $ 47.7 | $ 43.2 | $ 40.9 |
| Advertising and concessions | 1.4 | 1.3 | 1.5 |
| Total operating revenues | 49.1 | 44.5 | 42.4 |
| Operating expenses, excluding depreciation | | | |
| Labor and fringe benefits | (171.7) | (171.7) | (166.0) |
| Materials and supplies | (36.2) | (30.9) | (29.2) |
| Services | (10.3) | (10.7) | (9.3) |
| Utilities | (12.0) | (9.3) | (10.9) |
| Casualty and liability | (11.9) | (8.3) | (6.3) |
| Purchased transportation | (4.4) | (3.2) | (2.9) |
| Leases and rentals | (0.4) | (0.4) | (0.3) |
| Taxes | (2.0) | (2.0) | (1.9) |
| Miscellaneous | (3.2) | (2.0) | (2.0) |
| Total operating expenses before depreciation | (252.1) | (238.5) | (228.8) |
| Depreciation expense | (45.5) | (43.4) | (43.2) |
| Total operating expenses | (297.6) | (281.9) | (272.0) |
| Operating loss | (248.5) | (237.4) | (229.6) |
| Nonoperating revenues (expenses): | | | |
| Sales and use tax revenue | 168.3 | 175.1 | 170.4 |
| Federal operating grants and reimbursements | 23.2 | 22.6 | 20.1 |
| State/local operating grants and reimbursements | 4.7 | 4.4 | 5.2 |
| Federal pass-through grant revenue | 3.9 | 0.7 | 0.0 |
| Federal pass-through expenses | (3.9) | (0.7) | 0.0 |
| Investment income | 2.2 | 2.6 | 2.8 |
| Interest expense | (8.3) | (7.0) | (7.9) |
| Other income | 2.0 | 1.6 | 3.4 |
| Total nonoperating revenues | 192.1 | 199.3 | 194.0 |
| Net loss before capital grant revenue | (56.4) | (38.1) | (35.6) |
| Capital grant revenue | 65.4 | 62.4 | 58.8 |
| Increase in net assets during the year | 9.0 | 24.3 | 23.2 |
| Net assets, beginning of year | 608.1 | 583.8 | 560.6 |
| Net assets, end of year | $ 617.1 | $ 608.1 | $ 583.8 |

## FINANCIAL OPERATING RESULTS

### Revenues

**Ridership and Passenger Fares** – Farebox receipts and special transit fares are included within this caption. Passenger fare revenue for 2008 increased by $4.4 million or 10.3% compared with 2007, attributable to an increase in total ridership from 57.3 million in 2007 to 57.9 million in 2008. Passenger fare revenue for 2007 increased by $2.3 million or 5.6% compared with 2006 attributable to an increase in ridership from 54.8 million in 2006 to 57.3 million in 2007.

**Sales and Use Tax** – This dedicated 1% tax is levied in Cuyahoga County as part of the 7.75% overall tax on retail sales that changed from 7% effective July 2003. Sales and use tax revenue accounted for 65.3% of the Authority's revenue for 2008, and 69.8% for 2007 and 2006. Revenue received from sales and use tax for 2008 decreased $6.7 million, or 3.8%, compared to a $2.8 million or 2.8% increase in 2007 over 2006. The decrease is due to the downturn in the economy.

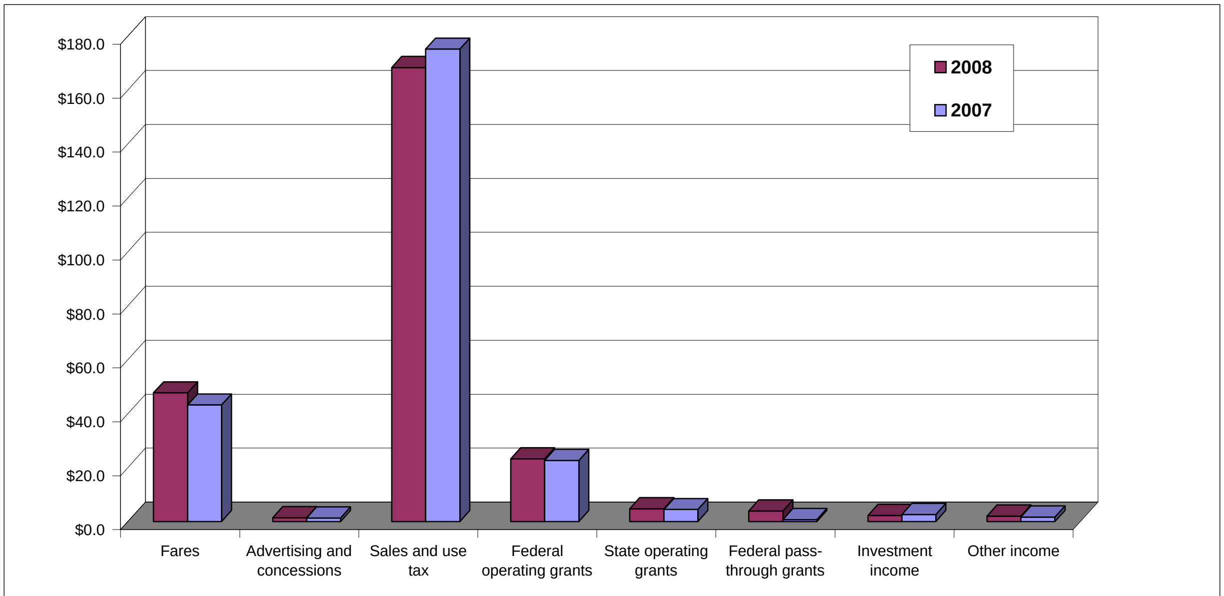
**Federal Operating Grants and Reimbursements** – The Authority received approximately $23.2 million for 2008, $22.6 million for 2007, and $20.1 million in 2006 in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

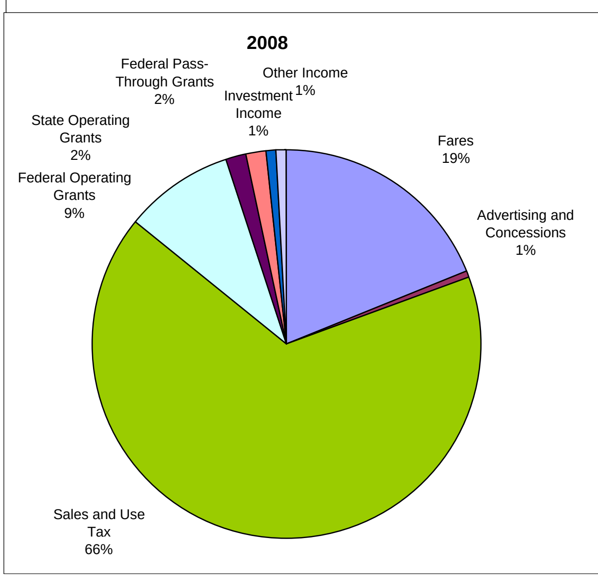
**State/Local Operating Grants and Reimbursements** – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. The Authority received a $0.3 million or 7.4% increase in this category for 2008 compared to an decrease of $0.8 million or 15.4% in 2007.

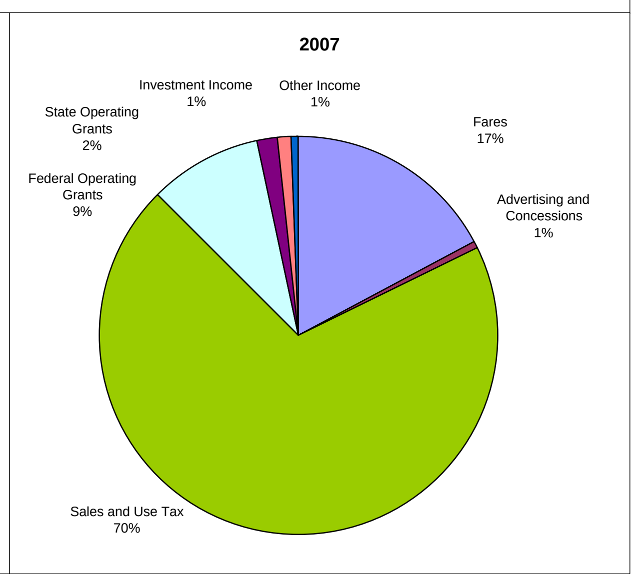
**Investment Income** – Investment income decreased by $0.4 million or 15.4% in 2008 compared to a $0.2 million or 7.1% decrease in 2007. The decrease was a direct result of a lower average investment balance.

## REVENUE
Millions of Dollars

| | 2008 | 2007 | Increase/(Decrease) Amount | Percent |
|---|---|---|---|---|
| Fares | $47.7 | $43.2 | $4.5 | 10.4 % |
| Advertising and concessions | 1.4 | 1.3 | 0.1 | 7.7 |
| Sales and use tax | 168.3 | 175.1 | (6.8) | (3.9) |
| Federal operating grants | 23.2 | 22.6 | 0.6 | 2.7 |
| State operating grants | 4.7 | 4.4 | 0.3 | 6.8 |
| Federal pass-through grants | 3.9 | 0.7 | 3.2 | 457.1 |
| Investment income | 2.2 | 2.6 | (0.4) | (15.4) |
| Other income | 2.0 | 1.6 | 0.4 | 25.0 |
| **Total** | **$253.4** | **$251.5** | **$1.9** | **0.8** % |



**Expenses**

**Labor and Fringe Benefits**: These personnel related costs decreased by $0.1 million, or 0.04%, in 2008 compared to 2007. During 2008, the number of personnel decreased to 2,577, compared to 2,653 in 2007. This caused a $1.0 million decrease in labor costs. This decrease was offset by an increase in the costs of providing health care benefits of $1.0 million. Costs increased by $5.7 million, or 3.4%, in 2007 compared to 2006 due to an increase in the overall wage rate and the cost of providing health care benefits.

**Materials and Supplies**: These costs have increased $5.3 million or 17.2% in 2008 compared to 2007 due to an increase in the cost of diesel fuel. These costs increased $1.7 million or 5.7% in 2007 compared to 2006 due to the increased use of parts relating to the repair of the buses.

**Services:** Costs in this category decreased by $0.4 million or 3.7% compared to 2007. This decrease is due to less costs for medical and functional testing services. Also contributing to the decrease is the Authority no longer making annual payments to the City of Maple Heights and City of North Olmsted in the amounts of $168,000 and $250,000, respectively. The last payments were made in 2007. These costs increased by $1.4 million or 15.1% in 2007 over 2006 as a result of additional costs for medical and functional testing services, as well as preventative maintenance and radio equipment services. Costs in this category decreased by $1.3 million or 13.5% in 2006 over 2005 as a result of using less computer consulting services for the perpetual inventory system in 2006 as compared with 2005.

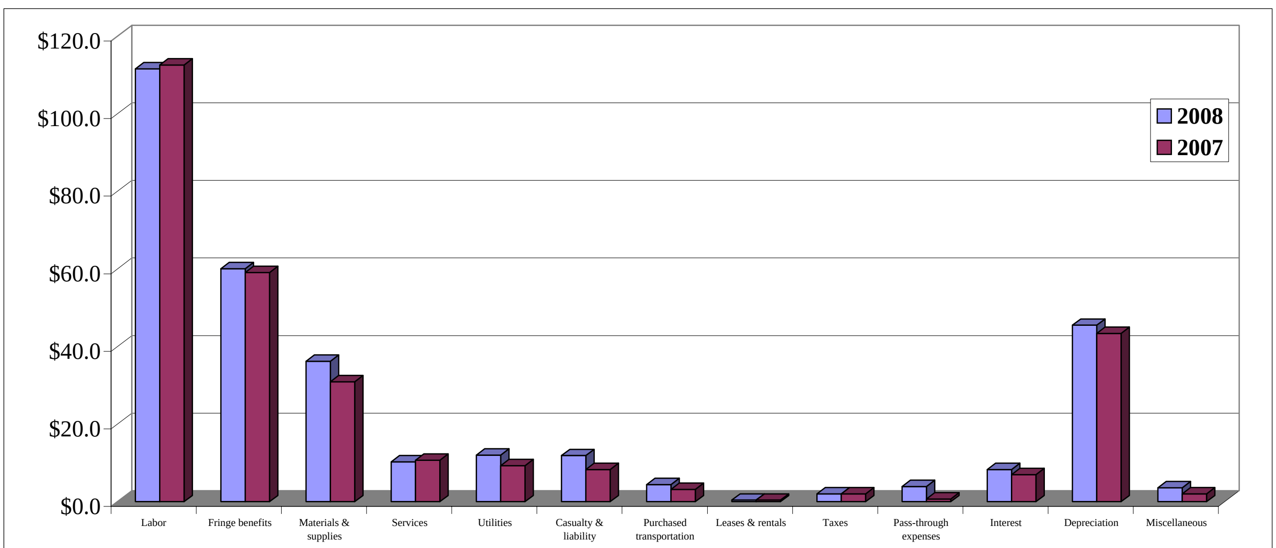
**Casualty and Liability:** The $3.5 million increase in these costs is due to higher claims for 2008 as compared to 2007. There was a $2.0 million decrease in these costs in 2007 as compared to 2006. Casualty and liability claims are recorded based on actuarial studies performed in both 2008 and 2007.

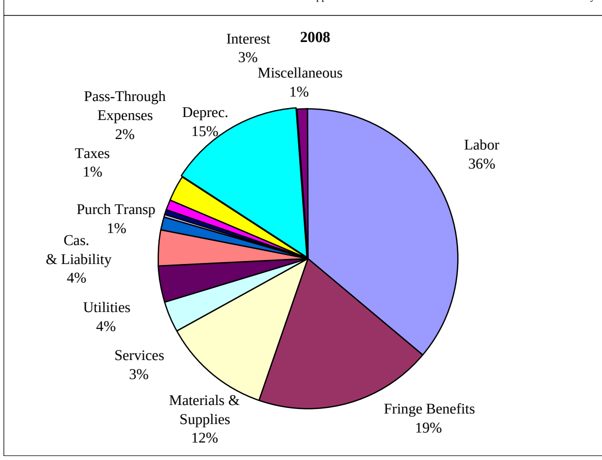
**Purchased Transportation:** Costs in this category increased for 2008 compared to 2007 by $1.2 million or 39.23%, and increased for 2007 compared to 2006 $0.3 million or 10.3%, due to rising fuel costs.

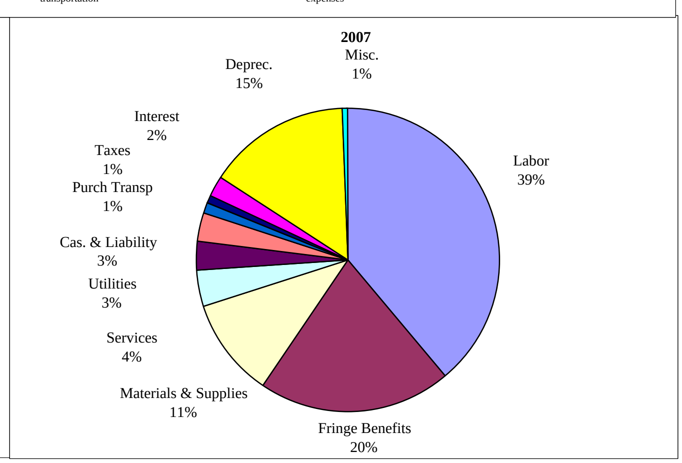
# Expenses by Object Class

Millions of Dollars

| | 2008 | 2007 | Increase/(Decrease) Amount | Increase/(Decrease) Percent |
|---|---|---|---|---|
| Labor | $111.6 | $112.6 | ($1.0) | (0.9) % |
| Fringe benefits | 60.1 | 59.1 | 1.0 | 1.7 |
| Materials & supplies | 36.2 | 30.9 | 5.3 | 17.2 |
| Services | 10.3 | 10.7 | (0.4) | (3.7) |
| Utilities | 12.0 | 9.3 | 2.7 | 29.0 |
| Casualty & liability | 11.9 | 8.3 | 3.6 | 43.4 |
| Purchased transportation | 4.4 | 3.2 | 1.2 | 37.5 |
| Leases & rentals | 0.4 | 0.4 | - | - |
| Taxes | 2.0 | 2.0 | - | 0.0 |
| Pass-through expenses | 3.9 | 0.7 | 3.2 | 457.1 |
| Interest | 8.3 | 7.0 | 1.3 | 18.6 |
| Depreciation | 45.5 | 43.4 | 2.1 | 4.8 |
| Miscellaneous | 3.6 | 2.0 | 1.6 | 80.0 |
| **Total** | **$310.2** | **$289.6** | **$20.6** | **7.1 %** |



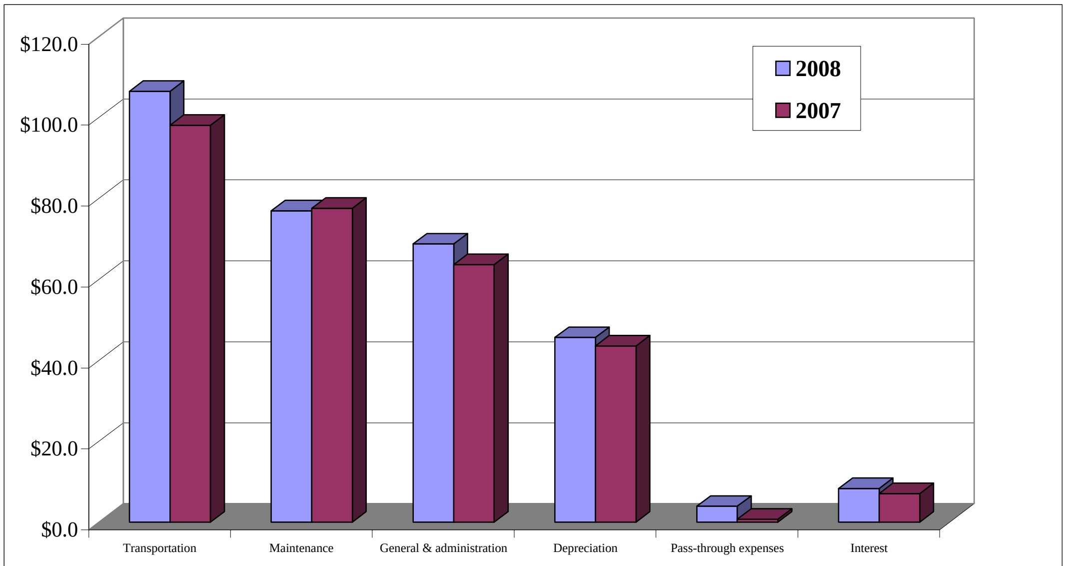



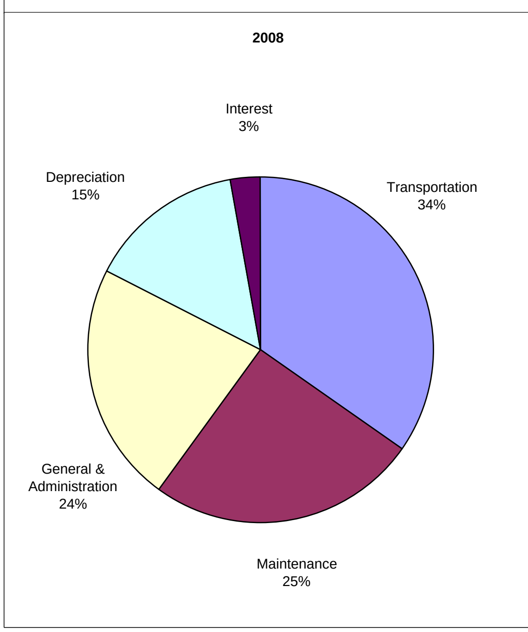



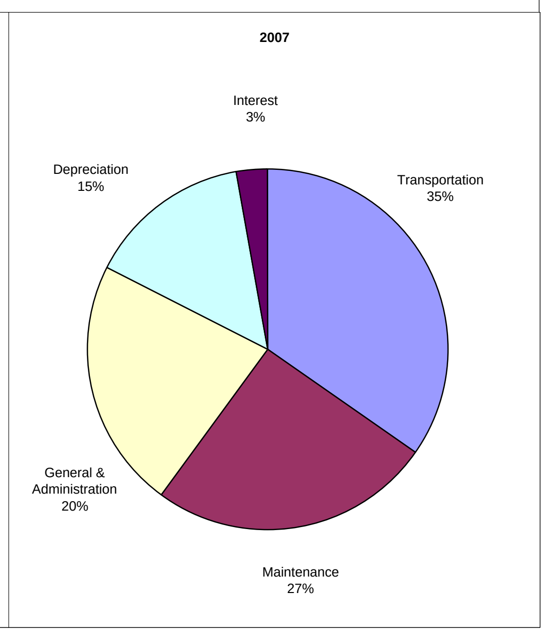
## Expenses by Function

Millions of Dollars

| | 2008 | 2007 | Increase/(Decrease) Amount | Percent |
|---|---|---|---|---|
| Transportation | $106.4 | $98.0 | $8.4 | 8.6 % |
| Maintenance | 76.9 | 77.5 | (0.6) | (0.8) |
| General & administration | 68.7 | 63.6 | 5.1 | 8.0 |
| Depreciation | 45.6 | 43.5 | 2.1 | 4.8 |
| Pass-through expenses | 3.9 | 0.7 | 3.2 | 457.1 |
| Interest | 8.3 | 7.0 | 1.3 | 18.6 |
| **Total** | **$309.8** | **$290.3** | **$19.5** | **6.7 %** |



**Debt Administration**

The Authority sold unvoted general obligation (capital improvement) bonds to partially finance the purchase and construction of various capital assets. Payment of debt service on the outstanding unvoted general obligation bonds of the Authority is secured by a pledge of all revenues of the Authority, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, state or federal law, or any revenue bond trust agreement that the Authority might execute. In practice, debt service has been paid from the receipts of the Authority's sales and use tax. Subject to the approval of the County Budget Commission, the debt service can also be paid, in the event it is not paid from other sources, from the proceeds of the levy by the Authority of ad valorem taxes within the ten-mill limitation provided by Ohio law. The Authority can also, with the approval of the voters within the territory of the Authority, issue general obligation bonds that, unless paid from other sources, are payable from the proceeds of the levy by the Authority of ad valorem taxes that are outside that ten-mill limitation.

On February 20, 2008, the Authority issued $35,000,000 of general obligation capital improvement bonds for the purpose of financing current and future capital improvement projects. The bonds bear interest at rate ranging from 3.0% to 4.68% per annum, and mature in various installments through December 1, 2027.

On September 12, 2008, the Authority issued $27,390,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through 2016. Proceeds of the bonds were used for the advance refunding of $27,555,000 of the 1998 capital improvement refunding bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. In addition, a $175,000 principal payment was made in 2008.

In 2008, the Authority advance refunded the Series 1998R bonds to reduce its total debt service payments over the next nine years by approximately $1,657,804 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,659,943.

On March 7, 2006 The Authority issued $38,490,000 of general obligation capital improvement and refunding bonds. Of the $38,490,000, $25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 3.94% to 5.00% per annum, and mature in various installments through December 1, 2025. Proceeds of $14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2006, The Authority advance refunded the Series 1998 and 2001 bonds to reduce its total debt service payments over the next 15 years by approximately $412,215, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $413,877.

On November 16, 2004 the Authority issued $67,235,000 of general obligation capital improvement and refunding bonds. Of the $67,235,000, $38,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 2.0% to 5.0% per annum, and mature in various installments through December 1, 2024. Proceeds of $32,178,171 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2004, the Authority advance refunded the Series 1996, 1998 and 2001 bonds to reduce its total debt service payments over the next 13 years by approximately $1,052,747 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,057,912.

The Authority had $172.8 million of outstanding capital improvement bonds as of December 31, 2008 of which $40.3 million is non-callable and $132.5 million callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

For more information, see Note 5 on page 45 of this report.

Total outstanding bonds and loans as of December 31, 2008 include:

| Series | Issue Date | Maturity Date | Original Principal | December 31, 2008 Balance | Average Interest Rate |
|---|---|---|---|---|---|
| **General Obligation Improvement Bonds** | | | | | |
| 2001 | 12/11/01 | 12/01/2021 | $ 29,890,000 | $ 3,920,000 | 4.73% |
| 2004 | 11/16/04 | 12/01/2024 | 67,235,000 | 57,380,000 | 2.96% |
| 2006 | 03/07/06 | 12/01/2025 | 38,490,000 | 36,325,000 | 4.25% |
| 2008 | 02/20/08 | 12/01/2027 | 35,000,000 | 34,900,000 | 3.96% |
| **General Improvement Refunding Bonds** | | | | | |
| Series 2002R (12/2002 annually thru 2011) | | | | 12,850,000 | 3.75% |
| Series 2008R (12/2008 annually thru 2016) | | | | 27,390,000 | 3.75% |
| Total General Obligation Bonds | | | | 172,765,000 | |
| Other- State Infrastructure Bank Loan (annually thru 2014) | | | | 3,575,318 | 4.25% |
| Total Bonds and Loan | | | | $176,340,318 | |
| Deferred Refunding | | | | (1,776,996) | |
| Premium | | | | 6,587,286 | |
| Long-term Bonds and Loan | | | | $181,150,608 | |

At December 31, 2008, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $15.9 million.

During 2007, the Authority entered into a $25,000,000 tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The lease has a maturity date of October 2021. For more information on the lease, please see Note 6 on page 47 of this report.

The Authority had $147.4 million outstanding capital improvement bonds as of December 31, 2007 of which $16.8 million is non-callable and $130.6 million callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

Total outstanding bonds and loans as of December 31, 2007 include:

| Series | Issue Date | Maturity Date | Original Principal | December 31, 2006 Balance | Average Interest Rate |
|---|---|---|---|---|---|
| **General Obligation Improvement Bonds** | | | | | |
| 1998 | 03/01/98 | 12/01/2018 | 32,955,000 | $ 1,525,000 | 4.61% |
| 2001 | 12/11/01 | 12/01/2021 | 29,890,000 | 5,120,000 | 4.73% |
| 2004 | 11/16/04 | 12/01/2024 | 67,235,000 | 59,005,000 | 2.96% |
| 2006 | 3/7/2006 | 12/01/2025. | 38,490,000 | 37,225,000 | 4.25% |
| **General Improvement Refunding Bonds** | | | | | |
| 1998R (11/15/98 annually thru 2016) | | | | 27,730,000 | 4.17% |
| Series 2002R (12/2002 annually thru 2011) | | | | 16,780,000 | 3.75% |
| Total General Obligation Bonds | | | | 147,385,000 | |
| Other- State Infrastructure Bank Loans (annually thru 2014) | | | | 4,088,320 | 4.25% |
| Total Debt | | | | $151,473,320 | |
| Deferred Refunding | | | | (1,876,125) | |
| Premium | | | | 4,609,856 | |
| Long-term Debt | | | | $154,207,051 | |

At December 31, 2007, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $15.9 million.

## Request for Information

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in its finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Deputy General Manager of Finance & Administration, Greater Cleveland Regional Transit Authority, 1240 W. 6th Street, Cleveland, Ohio 44113.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Balance Sheets

December 31, 2008 and 2007

| **Assets** | **2008** | **2007** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 12,173,400 | $ 17,102,754 |
| Restricted for capital assets: | | |
| Cash and cash equivalents | 30,163,094 | 22,608,252 |
| Short term investments | 6,662,750 | 10,036,000 |
| Restricted for debt service: | | |
| Cash and cash equivalents | 1,728,139 | 1,720,108 |
| Receivables: | | |
| Sales and use tax | 42,672,505 | 47,937,436 |
| Trade and accrued interest | 1,066,647 | 1,022,884 |
| Naming rights - current portion | 250,000 | 0 |
| State capital assistance | 3,637,057 | 3,570,687 |
| Federal capital assistance | 3,318,212 | 5,285,804 |
| Material and supplies inventory | 9,847,889 | 8,757,017 |
| Total current assets | 111,519,693 | 118,040,942 |
| Noncurrent assets: | | |
| Investments | 8,662,915 | 10,189,767 |
| Naming rights | 5,625,000 | 0 |
| Other assets | 1,948,799 | 1,179,090 |
| Capital assets: | | |
| Land | 34,664,832 | 32,903,464 |
| Infrastructure | 58,189,166 | 55,882,877 |
| Right of ways | 270,116,062 | 266,911,504 |
| Building, furniture and fixtures | 442,177,253 | 439,884,246 |
| Transportation and other equipment | 419,449,015 | 398,110,990 |
| Bus Rapid Transit | 157,844,665 | 0 |
| Construction-in-process | 19,680,304 | 141,257,858 |
| Total capital assets | 1,402,121,297 | 1,334,950,939 |
| Less accumulated depreciation | (622,326,579) | (590,391,316) |
| Capital assets – net | 779,794,718 | 744,559,623 |
| Total noncurrent assets and capital assets | 796,031,432 | 755,928,480 |
| Total assets | $ 907,551,125 | $ 873,969,422 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable | $ 12,562,688 | $ 9,723,246 |
| Contracts and other payables | 5,371,543 | 22,420,504 |
| Contract retainers | 5,142,483 | 4,082,847 |
| Accrued compensation | 23,522,985 | 20,320,392 |
| Interest payable – bonds | 916,174 | 798,664 |
| Current portion of long-term debt | 11,650,904 | 11,183,997 |
| Current portion – self-insurance liabilities | 7,050,506 | 5,841,379 |
| Total current liabilities | 66,217,283 | 74,371,029 |
| Noncurrent liabilities: | | |
| Long-term debt | 193,183,709 | 168,023,054 |
| Self-insurance liabilities | 13,093,797 | 10,848,276 |
| Deferred revenue | 16,985,800 | 11,632,811 |
| Other long-term liabilities | 1,016,876 | 1,004,957 |
| Total noncurrent liabilities | 224,280,182 | 191,509,098 |
| Total liabilities | 290,497,465 | 265,880,127 |
| Net assets: | | |
| Invested in capital assets, net of related debt | 574,960,105 | 565,352,572 |
| Restricted for Capital Projects | 20,572,145 | 5,754,980 |
| Restricted for Debt Service | 1,087,325 | 921,444 |
| Unrestricted | 20,434,085 | 36,060,299 |
| Total net assets | 617,053,660 | 608,089,295 |
| Total liabilities and net assets | $ 907,551,125 | $ 873,969,422 |

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2008 and 2007

| | | 2008 | | 2007 |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Passenger fares | $ | 47,670,767 | $ | 43,229,788 |
| Advertising and concessions | | 1,382,537 | | 1,317,058 |
| Total operating revenues | | 49,053,304 | | 44,546,846 |
| Operating expenses: | | | | |
| Labor and fringe benefits | | 171,656,615 | | 171,731,054 |
| Materials and supplies | | 36,167,067 | | 30,868,838 |
| Services | | 10,313,060 | | 10,703,031 |
| Utilities | | 12,048,184 | | 9,330,787 |
| Casualty and liability | | 11,861,898 | | 8,342,071 |
| Purchased transportation | | 4,397,479 | | 3,158,441 |
| Leases and rentals | | 374,615 | | 382,369 |
| Taxes | | 2,006,666 | | 1,955,502 |
| Miscellaneous | | 3,209,590 | | 2,026,731 |
| Total operating expenses before depreciation | | 252,035,174 | | 238,498,824 |
| Depreciation expense | | 45,530,572 | | 43,458,154 |
| Total operating expenses | | 297,565,746 | | 281,956,978 |
| Operating loss | | (248,512,442) | | (237,410,132) |
| Nonoperating revenue (expenses): | | | | |
| Sales and use tax revenue | | 168,303,887 | | 175,051,407 |
| Federal operating grants and reimbursements | | 23,189,502 | | 22,625,412 |
| State/local operating grants and reimbursements | | 4,688,576 | | 4,363,464 |
| Federal pass-through grants revenue | | 3,939,283 | | 667,621 |
| Investment income | | 2,185,831 | | 2,594,771 |
| Interest expense | | (8,329,273) | | (6,960,411) |
| Federal pass-through expenses | | (3,939,283) | | (667,621) |
| Other income | | 2,037,377 | | 1,634,966 |
| Total nonoperating income | | 192,075,900 | | 199,309,609 |
| Net loss before capital grant revenue | | (56,436,542) | | (38,100,523) |
| Capital grant revenue: | | | | |
| Federal | | 57,549,165 | | 52,037,175 |
| State | | 7,851,742 | | 10,393,676 |
| Total capital grant revenue | | 65,400,907 | | 62,430,851 |
| Increase in net assets | | 8,964,365 | | 24,330,328 |
| Net assets, beginning of year | | 608,089,295 | | 583,758,967 |
| Net assets, end of year | $ | 617,053,660 | $ | 608,089,295 |

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Cash Flows

Years ended December 31, 2008 and 2007

| | 2008 | 2007 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from customers | $ 50,414,541 | $ 44,693,597 |
| Cash payments to suppliers for goods and services | (66,653,875) | (54,161,294) |
| Cash payments to employees for services | (108,390,087) | (112,114,659) |
| Cash payments for employee benefits | (60,063,935) | (59,172,449) |
| Cash payments for casualty and liability | (8,407,250) | (6,483,214) |
| Other receipts | 1,233,521 | 831,110 |
| Net cash used in operating activities | (191,867,085) | (186,406,909) |
| Cash flows from noncapital financing activities: | | |
| Sales and use taxes received | 173,568,818 | 171,661,508 |
| Grants, reimbursements, and special fare assistance: | | |
| Federal | 23,189,502 | 22,625,412 |
| State and local | 4,688,576 | 4,363,464 |
| Net cash provided by noncapital financing activities | 201,446,896 | 198,650,384 |
| Cash flows from capital and related financing activities: | | |
| Federal capital grant revenue | 59,516,757 | 51,563,212 |
| State capital grant revenue | 6,665,644 | 8,676,817 |
| Acquisition and construction of capital assets | (95,973,308) | (76,459,477) |
| Proceeds from new debt | 35,474,699 | 25,000,000 |
| Principal paid on bond maturities and other debt | (11,283,997) | (9,606,876) |
| Interest paid on bonds and other debt | (8,432,020) | (7,128,514) |
| Net cash used in capital and related financing activities | (14,032,225) | (7,954,838) |
| Cash flows from investing activities: | | |
| Proceeds from maturities of investments | 52,610,952 | 34,627,124 |
| Purchases of investments | (47,710,850) | (28,608,510) |
| Interest received from investments | 2,185,831 | 2,594,771 |
| Net cash provided by investing activities | 7,085,933 | 8,613,385 |
| Net increase in cash and cash equivalents | 2,633,519 | 12,902,022 |
| Cash and cash equivalents, beginning of year | 41,431,114 | 28,529,092 |
| Cash and cash equivalents, end of year | $ 44,064,633 | $ 41,431,114 |
| Noncash investing and capital and related financing activities: | | |
| Increase (decrease) in fair value of investments | $ 97,636 | $ 53,066 |
| Increase (decrease) in capitalized assets due to capitalized costs, recorded contracts payable, recorded retainage payable, and loss on disposal | $ (14,661,560) | $ 9,089,840 |
| Increase (decrease) in long-term debt due to deferred refunding costs, premium, and amortization | $ 1,436,860 | $ 655,672 |

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Cash Flows

(Continued)

Years ended December 31, 2008 and 2007

| | 2008 | 2007 |
|---|---|---|
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | $ (248,512,442) | $ (237,410,132) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 45,530,572 | 43,458,154 |
| Amortization-other assets | 102,297 | 66,200 |
| Other revenue | 1,233,521 | 831,110 |
| Change in assets and liabilities: | | |
| (Increase) decrease in other receivables | (43,763) | 146,751 |
| (Increase) decrease in materials and supplies inventory | (1,090,872) | 317,585 |
| Increase in deferred revenue | 1,405,000 | 0 |
| Increase in accounts payable, accrued compensation, self-insurance liabilities and other | 9,508,602 | 6,183,423 |
| Net cash used in operating activities | $ (191,867,085) | $ (186,406,909) |

See accompanying notes to financial statements.

## 1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

**A)** **<u>The Authority</u> –** The Greater Cleveland Regional Transit Authority (the Authority or GCRTA) is an independent, special purpose political subdivision of the State of Ohio (the State) with powers derived from Sections 306.30 through 306.71 of the Ohio Revised Code. The Authority has territorial boundaries and jurisdiction coextensive with the territorial boundaries of Cuyahoga County. As a political subdivision, it is distinct from, and is not an agency of, the State and the County or any other local governmental unit. The Authority was created on December 30, 1974, by ordinance of the Council of the City of Cleveland and by resolution of the Board of County Commissioners of Cuyahoga County, and became operational on September 5, 1975.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of 0.25, 0.5, 1, or 1.5% if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State and the County. On July 22, 1975, the voters of the County approved a 1% sales and use tax with no limit on its duration.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes have not been levied through 2008.

The Authority is managed by a ten-member Board of Trustees and provides directly, or under contract, virtually all mass transportation within the County.

The Authority is not subject to federal or state income taxes.

**B)** **<u>Reporting Entity</u>** – "The Financial Reporting Entity," as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), is comprised of the primary government and its component units. The primary government includes all departments and operations of the Authority which are not legally separate organizations. Component units are legally separate organizations which are fiscally dependent on the Authority or for which the Authority is financially accountable. An organization is fiscally dependent if it must receive the Authority's approval for its budget, the levying of taxes, or the issuance of debt. The Authority is financially accountable for an organization if it appoints a majority of the organization's board, and either a) has the ability to impose its will on the organization or b) there is the potential for the organization to provide a financial benefit to or impose a financial burden on the Authority. The reporting entity of the Authority consists solely of the primary government. There are no component units.

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of the City of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any significant financial transactions with the Authority during 2008.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to United States of America's generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources.

**Basis of Accounting** – The accounts of the Authority, which are organized as an enterprise fund, are used to account for the Authority's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax revenue and grants. Revenue from sales taxes is recognized on an accrual basis in the period when the underlying exchange transaction occurs. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed to the extent that those standards do not conflict with or contradict guidance of the GASB. The Authority also has the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Investments** – Investments are reported at fair value based on quoted market prices.

**Materials and Supplies Inventory** – Materials and supplies inventory are stated at the lower of average cost or fair value. Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment. In accordance with industry practice, all inventories are classified as current assets even though a portion of the inventories are not expected to be utilized within one year.

**Capital Assets** – Effective January 2004 the Authority defines capital assets as assets with an initial cost of at least $5,000 and an estimated useful life in excess of one year. In previous years, the initial cost was defined as $1,000. Capital assets, which include property, facilities infrastructure, and equipment, are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements and interest are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| Description | Years |
|---|---|
| Infrastructure | 45 |
| Buildings and improvements | 20-60 |
| Transportation and other equipment | 5-15 |
| Furniture and fixtures | 3-15 |
| Rolling stock | 7-25 |

**Restricted Assets** – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction.

**Net Assets** – Equity is displayed in three components as follows:

> Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
>
> Restricted Assets – This consists of constraints placed on net assets use through external constraints imposed by grantors, contributors, or laws. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.
>
> Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

**Classifications of Revenues** – The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares, advertising, and concession revenue. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants and contracts.

**Recognition of Revenue and Receivables** – The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment.

Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to non-operating revenues when the related capital expenditures are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

The Sales and Use Tax receivable is recorded in the month the vendor submits the tax to the State of Ohio. There is a three-month delay between the collection of the Sales Tax to the State of Ohio and the remittance to the Authority.

When assets acquired with capital grants funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

**Consignment of Fare Media** – The Authority has sales agreements with local businesses to sell fare media on its behalf for a 2% commission fee. Fare media is on consignment with these businesses. Proceeds for the sale of the fare media and unsold fare media is returned to the Authority within 30 days.

In addition, the Authority has agreements with local companies, called the "Commuter Advantage" Program, where employees can sign up to purchase monthly passes using pre-tax dollars. In 2008, approximately 10,000 employees from 430 local organizations participated in the program.

**Federal and State Operating and Preventive Maintenance Assistance Funds** – Federal and state operating and preventive maintenance assistance funds to be received by the Authority under the Urban Mass Transportation Act of 1964, as amended, and under the Ohio Public Mass Transportation Grant Program are recorded and reflected as income in the period to which they are applicable.

**Compensated Absences** – The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service. Vacation days are limited to a maximum of 50 days.

**Self-Insurance Liabilities and Expense** – The Authority has a self-insurance program for third-party public compensation liability, property damage claims, and the workers' compensation claims. For workers' compensation claims awarded, the Authority pays the same benefits as would be paid by the State of Ohio Bureau of Workers' Compensation.

These programs are administered by the Authority. Claims are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management, legal counsel of the Authority, and actuaries. Also provided for are estimates of claims incurred during the year but not yet reported.

Claims expense is accrued in the period the incidents of loss occur, based upon estimates of liability made by management with the assistance of third-party administrators, legal counsel, and actuaries. Claims liability is the best estimate based on known information.

**Passenger Fares** – Passenger fares are recorded as revenue at the time services are performed.

**Estimates** – The preparation of financial statements in conformity with the United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Changes in Accounting Policy** – Effective for periods beginning after December 2007, the Authority implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. This Statement did not have an impact on the Authority's financial statements.

Effective for the periods beginning after June 2007, the Authority implemented GASB Statement No. 50, *Pension Disclosures.* This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. This statement did not have an impact on the Authority's financial statements.

**New Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) issued three new accounting pronouncements. Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* is effective for periods beginning after June 15, 2009. Statement No. 52 *Land and Other Real Estate Held as Investments by Endowments* is effective for periods beginning after June 15, 2008. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* is effective for periods beginning after June 15, 2009. The Authority is currently evaluating the impact of adopting these statements.

**Reclassifications** – Certain prior year amounts have been reclassified to conform with the 2008 presentation.

## 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following is a complete listing of deposits and investments held by the Authority at December 31, 2008:

| | 2008 | 2007 |
|---|---|---|
| Demand deposits | $ 43,882,083 | $ 41,248,314 |
| Cash on hand | 182,550 | 182,800 |
| Investments | 15,325,665 | 20,225,767 |
| Total | $ 59,390,298 | $ 61,656,881 |
| Demand deposits – bank balance | $ 23,540,764 | $ 27,878,907 |

The deposits and investments of the Authority at December 31, 2008 are reflected in the financial statements as follows:

| | 2008 | 2007 |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 12,173,400 | $ 17,102,754 |
| Restricted Assets: | | |
| Cash and cash equivalents | 31,891,233 | 24,328,360 |
| Investments | 6,662,750 | 10,036,000 |
| Noncurrent Assets: | | |
| Investments | 8,662,915 | 10,189,767 |
| Total | $ 59,390,298 | $ 61,656,881 |

The deposits and investments of the Authority are governed by the provisions of the Bylaws of the Authority and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic savings and loan associations are eligible to hold public deposits. The provisions also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool (STAROhio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding 30 days.

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned by the bank. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities, the face value of which is at least 105% of the total value of public monies on deposit at the institution. At December 31, 2008 $23,240,764 of the Authority's bank balance of $23,540,764 was uninsured and uncollateralized as defined by the GASB. At December 31, 2007 $27,578,907 of the Authority's bank balance of $27,878,907 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio Law.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset, or index, or both; separate from the financial instrument contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. As of December 31, 2008 and 2007, the Authority had no investments subject to custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that, over time, the value of investments will decrease as a result of a rise in interest rates. The Authority's policy minimizes interest rate risk by requiring that the Fund attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the Authority is generally not permitted to directly invest in securities maturing more than 3 years from original date of purchase according to the Authority's investment policy although the Ohio Revised Code allows up to 5 years.

As of December 31, 2008, the Authority's investment maturities were as follows:

| | | Investment maturities in in years | |
|---|---|---|---|
| **Investment** | **Fair value** | **Less than one year** | **One to three years** |
| U.S. Government Agency Securities | $ 15,325,665 | $ 1,164,158 | $ 14,161,507 |

As of December 31, 2007, the Authority's investment maturities were as follows:

| | | Investment maturities in in years | |
|---|---|---|---|
| **Investment** | **Fair value** | **Less than one year** | **One to three years** |
| U.S. Government Agency Securities | $ 20,225,767 | $ 12,155,728 | $ 8,070,039 |

***Credit Risk***

The Authority's investment policy complies with state law. The classifications of the investments are limited to U.S. government or agency securities, interim deposits and the Ohio Subdivisions Fund (STAR Ohio). Investments in commercial paper must be rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.

As of December 31, 2008, the credit quality ratings of the Authority's investments were as follows:

| Investment | Fair value | Rating | Rating organization |
|---|---|---|---|
| U.S. government agency securities | $ 15,325,665 | AAA | S&P/Moody |

As of December 31, 2007, the credit quality ratings of the Authority's investments were as follows:

| Investment | Fair value | Rating | Rating organization |
|---|---|---|---|
| U.S. government agency securities | $ 20,225,767 | AAA | S&P/Moody |

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's policy specifies a number of limitations to minimize concentration of credit risk, including prohibiting investing more than 5% of the portfolio in securities (other than U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer.

More than 5% of the Fund's investments are in Federal National Mortgage Association, Federal Home Loan Mortgage Company, Federal Home Loan Bank, and Federal Farm Credit Bank. At December 31, 2008 these investments were 32%, 27%, 26% and 15%, respectively. At December 31, 2007 investments for Federal Home Loan Mortgage Company, Federal National Mortgage Association and Federal Home Loan Bank were 69%, 13% and 18%, respectively, of the Fund's total investments.

## 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

| | Balance January 1, 2008 | Transfers/ Additions | CIP Transfers/ Disposals | Balance December 31, 2008 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 32,903,464 | $ 1,761,368 | $ 0 | $ 34,664,832 |
| Construction in Progress | 141,257,858 | 55,837,059 | 177,414,613 | 19,680,304 |
| Total Capital Assets Not Being Depreciated | 174,161,322 | 57,598,427 | 177,414,613 | 54,345,136 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 55,882,877 | 2,306,289 | 0 | 58,189,166 |
| Right of Ways | 266,911,504 | 3,204,558 | 0 | 270,116,062 |
| Building, Furniture & Fixtures | 439,884,246 | 2,823,480 | 530,473 | 442,177,253 |
| Transportation and Other Equipment | 398,110,990 | 34,948,942 | 13,610,917 | 419,449,015 |
| Bus Rapid Transit | 0 | 157,844,665 | | 157,844,665 |
| Total Capital Assets Being Depreciated | 1,160,789,617 | 201,127,934 | 14,141,390 | 1,347,776,161 |
| Less Accumulated Depreciation: | | | | |
| Infrastructure | 10,297,601 | 1,183,438 | 0 | 11,481,039 |
| Right of Ways | 129,861,492 | 6,577,665 | 0 | 136,439,157 |
| Building, Furniture & Fixtures | 185,914,072 | 13,745,222 | 530,473 | 199,128,821 |
| Transportation and Other Equipment | 264,318,151 | 23,467,086 | 13,064,836 | 274,720,401 |
| Bus Rapid Transit | 0 | 557,161 | 0 | 557,161 |
| Total Accumulated Depreciation | 590,391,316 | 45,530,572 | 13,595,309 | 622,326,579 |
| Total Capital Assets Being Depreciated, Net | 570,398,301 | 155,597,362 | 546,081 | 725,449,582 |
| Total Capital Assets, Net | $ 744,559,623 | $ 213,195,789 | $ 177,960,694 | $ 779,794,718 |

Remaining costs to complete construction projects, as of December 31, 2008, which will extend over a period of several years, total $60.1 million. Approximately $59.1 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with sales tax revenue or long-term debt.

For the year ended December 31, 2008, capitalized interest was $785,112.

Capital asset activity for the year ended December 31, 2007 was as follows:

| | Balance January 1, 2007 | Transfers/ Additions | CIP Transfers/ Disposals | Balance December 31, 2007 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 32,364,571 | $ 538,893 | $ 0 | $ 32,903,464 |
| Construction in Progress | 92,090,412 | 74,784,611 | 25,617,165 | 141,257,858 |
| Total Capital Assets Not Being Depreciated | 124,454,983 | 75,323,504 | 25,617,165 | 174,161,322 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 54,339,324 | 1,543,553 | 0 | 55,882,877 |
| Right of Ways | 251,668,113 | 15,243,391 | 0 | 266,911,504 |
| Building, Furniture & Fixtures | 429,802,541 | 10,081,705 | 0 | 439,884,246 |
| Transportation and Other Equipment | 389,576,768 | 8,974,329 | 440,107 | 398,110,990 |
| Total Capital Assets Being Depreciated | 1,125,386,746 | 35,842,978 | 440,107 | 1,160,789,617 |
| Less Accumulated Depreciation: | | | | |
| Infrastructure | 9,127,258 | 1,170,343 | | 10,297,601 |
| Right of Ways | 123,436,539 | 6,424,953 | | 129,861,492 |
| Building, Furniture & Fixtures | 172,463,828 | 13,450,244 | 0 | 185,914,072 |
| Transportation and Other Equipment | 242,345,645 | 22,412,613 | 440,107 | 264,318,151 |
| Total Accumulated Depreciation | 547,373,270 | 43,458,153 | 440,107 | 590,391,316 |
| Total Capital Assets Being Depreciated, Net | 578,013,476 | (7,615,175) | 0 | 570,398,301 |
| Total Capital Assets, Net | $ 702,468,459 | $ 67,708,329 | $ 25,617,165 | $ 744,559,623 |

For the year ended December 31, 2007, capitalized interest was $1,005,607.

## 5. LONG-TERM DEBT

Long-term bonds, loan and capital lease payable at December 31, 2008 consist of the following:

| Issue | Average Interest Rate | Balance January 1, 2008 | Additions | Reductions | Balance December 31, 2008 | Due Within One Year |
|---|---|---|---|---|---|---|
| Series 1998 | 4.61% | $ 1,525,000 | $ 0 | $ 1,525,000 | $ 0 | $ 0 |
| Series 1998R | 4.17 | 27,730,000 | 0 | 27,730,000 | 0 | 0 |
| Series 2001 | 4.73 | 5,120,000 | 0 | 1,200,000 | 3,920,000 | 1,250,000 |
| Series 2002R | 3.75 | 16,780,000 | 0 | 3,930,000 | 12,850,000 | 4,090,000 |
| Series 2004 | 4.25 | 59,005,000 | 0 | 1,625,000 | 57,380,000 | 3,265,000 |
| Series 2006 | 4.39 | 37,225,000 | 0 | 900,000 | 36,325,000 | 935,000 |
| Series 2008 | 3.96 | 0 | 35,000,000 | 100,000 | 34,900,000 | 100,000 |
| Series 2008R | 4.68 | 0 | 27,390,000 | 0 | 27,390,000 | 100,000 |
| Deferred Refunding | | (1,876,125) | (854,411) | (953,540) | (1,776,996) | 0 |
| Premium | | 4,609,856 | 2,366,115 | 388,685 | 6,587,286 | 0 |
| SIB Loan | | 4,088,320 | 0 | 513,002 | 3,575,318 | 535,037 |
| Total Bonds and Loan | | 154,207,051 | 63,901,704 | 36,958,147 | 181,150,608 | 10,275,037 |
| Capital Lease Payable | | 25,000,000 | 0 | 1,315,995 | 23,684,005 | 1,375,867 |
| Total Long-Term Debt | | $ 179,207,051 | $ 63,901,704 | $ 38,274,142 | $ 204,834,613 | $ 11,650,904 |

Long-term bonds and loan payable at December 31, 2007 consist of the following:

| Issue | Average Interest Rate | Balance January 1, 2007 | Additions | Reductions | Balance December 31, 2007 | Due Within One Year |
|---|---|---|---|---|---|---|
| Series 1998 | 4.61% | $ 2,990,000 | $ 0 | $ 1,465,000 | $ 1,525,000 | $ 1,525,000 |
| Series 1998R | 4.17 | 27,895,000 | 0 | 165,000 | 27,730,000 | 175,000 |
| Series 2001 | 4.73 | 6,275,000 | 0 | 1,155,000 | 5,120,000 | 1,200,000 |
| Series 2002R | 3.75 | 16,930,000 | 0 | 150,000 | 16,780,000 | 3,930,000 |
| Series 2004 | 4.25 | 64,320,000 | 0 | 5,315,000 | 59,005,000 | 1,625,000 |
| Series 2006 | 4.39 | 38,090,000 | 0 | 865,000 | 37,225,000 | 900,000 |
| Deferred Refunding | | (2,804,495) | 0 | (928,370) | (1,876,125) | 0 |
| Premium | | 4,882,554 | 0 | 272,698 | 4,609,856 | 0 |
| SIB Loan | | 4,580,196 | 0 | 491,876 | 4,088,320 | 513,002 |
| Total Bonds and Loan | | 163,158,255 | 0 | 8,951,204 | 154,207,051 | 9,868,002 |
| Capital Lease Payable | | 0 | 25,000,000 | 0 | 25,000,000 | 1,315,995 |
| Total Long-Term Debt | | $ 163,158,255 | $ 25,000,000 | $ 8,951,204 | $ 179,207,051 | $ 11,183,997 |

Certain bonds maturing after December 31, 2008 are subject to optional redemption by the Authority prior to maturity.

In 1998, the Authority entered into a loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank (SIB) loan in an amount not to exceed $6,945,000 to be repaid over a fifteen-year period at an annual rate of 4.25%. Through December 31, 2006, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation for the Cuyahoga River Viaduct Project.

On December 1, 2001, the Authority issued $29,890,000 of general obligation capital improvement bonds. The bonds bear interest at rates ranging from 2.50% to 5.63%, per annum, and mature in various installments through December 1, 2021. The principal balance of the capital improvement bonds at December 31, 2006 was $5,120,000.

On June 6, 2002, the Authority issued $17,540,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 3.75% and payable through 2011. A portion of the proceeds of the bonds was used for the advance refunding of $16,470,000 of the 1996 capital improvement bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The amount of the defeased debt at December 31, 2008 is $12,675,000.

On November 16, 2004 the Authority issued $67,235,000 of general obligation capital improvement and refunding bonds. Of the $67,235,000, $38,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous of previous issues. The bonds bear interest at rates ranging from 2.0% to 5.0% per annum, and mature in various installments through December 1, 2024. Proceeds of $32,178,171 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt. The amount of the defeased debt at December 31, 2008 is $17,370,000.

On March 7, 2006 The Authority issued $38,490,000 of general obligation capital improvement and refunding bonds. Of the $38,490,000, $25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 4.0% to 5.0% per annum, and mature in various installments through December 1, 2025. Proceeds of $14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt. The amount of the defeased debt at December 31, 2008 is $7,840,000.

On February 20, 2008, the Authority issued $35,000,000 of general obligation capital improvement bonds for the purpose of financing current and future capital improvement projects. The bonds bear interest at rate ranging from 3.0% to 4.68% per annum, and mature in various installments through December 1, 2027.

On September 12, 2008, the Authority issued $27,390,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through 2016. Proceeds of the bonds were used for the advance refunding of $27,555,000 of the 1998 capital improvement refunding bonds. In addition, a $175,000 principal payment was made in 2008. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The amount of the defeased debt at December 31, 2008 is $27,555,000.

The 2008 general obligation capital improvement refunding bonds advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $854,411. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in proportion to stated interest requirements through the year 2016.

In 2008, the Authority advance refunded the Series 1998R bonds to reduce its total debt service payments over the next nine years by approximately $1,657,804 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,659,943.

The annual requirements to pay principal and interest on the bonds and loan outstanding at December 31, 2008 are as follows:

| | Bonds and Loans | |
|---|---|---|
| **Year** | **Principal** | **Interest** |
| 2009 | $ 10,275,037 | $ 7,788,617 |
| 2010 | 10,823,017 | 7,251,038 |
| 2011 | 11,261,985 | 6,805,480 |
| 2012 | 13,191,982 | 6,372,213 |
| 2013 | 13,678,053 | 5,905,342 |
| 2014-2018 | 62,490,244 | 20,866,819 |
| 2019-2023 | 37,220,000 | 9,303,730 |
| 2024-2027 | 17,400,000 | 1,725,263 |
| **Total** | **$ 176,340,318** | **$ 66,018,502** |

## 6. CAPITAL LEASE OBLIGATION

During 2008, the Authority entered into a tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The Authority's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008.

| **Year** | **Amounts** |
|---|---|
| 2009 | $ 2,426,108 |
| 2010 | 2,426,108 |
| 2011 | 2,426,108 |
| 2012 | 2,426,108 |
| 2013 | 2,426,108 |
| 2014-2018 | 12,130,538 |
| 2019-2023 | 7,278,322 |
| Total Minimum Lease Payments | 31,539,400 |
| Less: Amount Representing Interest | (7,855,395) |
| **Present Value of Minimum Lease Payments** | **$ 23,684,005** |

Capital assets acquired by leases have been capitalized and depreciated as follows:

| | |
|---|---|
| Capital Assets: | |
| Transportation and Other Equipment | $8,745,361 |
| Less Accumulated Depreciation: | |
| Transportation and Other Equipment | (677,452) |
| Capital Assets, Net | $8,067,909 |

## 7. PURCHASED TRANSPORTATION SERVICES

In March 2005, The Greater Cleveland Regional Transit Authority entered into separate Mass Transit System Transfer Agreements with The City of Maple Heights and The City of North Olmsted. The Authority determined that it was in the best interest of the Authority and the residents of Cuyahoga County to merge the transit systems. The terms of the merger require payments of $504,000 to The City of Maple Heights and $750,000 to The City of North Olmsted in three yearly installment ending in 2007.

In addition, the Authority has a contract with a local taxi company to provide transit services within Cuyahoga County for elderly and handicapped persons. Expenses under this contract amounted to $4,357,479 and $3,158,441 in 2008 and 2007, respectively.

## 8. GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE

Grants, reimbursements, and special fare assistance are included in the non-operating revenues (expenses) and the capital grant revenue categories on the Statement of Revenues, Expenses and Changes in Net Assets for the years ended, December 31, 2008 and 2007 as follows:

| | | **2008** | | **2007** |
|---|---|---|---|---|
| FEDERAL: | | | | |
| FTA Capital Grants | $ | 57,549,165 | $ | 52,037,175 |
| FTA Maintenance Assistance | | 23,022,795 | | 22,400,000 |
| FTA Operating Grants | | 166,707 | | 225,412 |
| Pass-Through Grants | | 3,939,283 | | 667,621 |
| Total | $ | 84,677,950 | $ | 75,330,208 |
| STATE: | | | | |
| ODOT Capital Grants | $ | 7,851,742 | $ | 10,393,676 |
| ODOT Fuel Tax Reimbursement | | 1,474,391 | | 1,550,949 |
| ODOT Elderly and Handicapped Grants | | 2,157,533 | | 2,242,883 |
| ODOT Operating Grants | | 1,056,652 | | 379,391 |
| Total | $ | 12,540,318 | $ | 14,566,899 |
| LOCAL: | | | | |
| Operating Grants | $ | 0 | $ | 190,241 |

## 9. CONTINGENCIES

**Federal and State Grants** – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2008, there were no questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future.

**Contract Disputes and Legal Proceedings** – The Authority has been named as a defendant in a number of contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the Authority's financial position.

## 10. RETIREMENT BENEFITS

### Public Employees Retirement System of Ohio

**Plan Description** – All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.OPERS administers three separate plans as described below:

Traditional Pension Plan - A cost sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan - A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

Combined Plan - A cost sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

Funding Policy – The Ohio Revised Code provides statutory for employee and employer contributions which are summarized as follows:

| | Contribution Rate as a % of Covered Salaries | Contributions | | |
|---|---|---|---|---|
| | | 2008 | 2007 | 2006 |
| By statutory authority | 13.85-17.40% | $ 19,775,681 | $ 18,469,472 | $ 17,725,876 |
| Less healthcare portion | 6.0-7.0% | (9,697,301) | (7,271,222) | (5,773,210) |
| Required employer contribution | | 10,078,380 | 11,198,250 | 11,952,666 |
| By employees | 9.5-10.1% | 13,954,107 | 12,582,653 | 11,597,387 |
| Total pension contributions | | $ 24,032,487 | $ 23,780,903 | $ 23,550,053 |

The pension contributions equaled the required contributions for each of the last three years.

**Healthcare** – OPERS maintains a cost sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment healthcare coverage, age and service retirants under either the traditional and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients are also available. The healthcare coverage provided by the retirement system meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

***Funding Policy*** – The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. The 2008 local government employer contribution rate was 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions allocated to fund post-employment healthcare was 7.00% in 2008 for all employers.

The OPERS Retirement Board is also authorized to established rules for the payment of a portion of the healthcare coverage provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The statutory healthcare contribution requirement from the GCRTA for the years ended December 31, 2008 and 2007 (which is included in the GCRTA's total OPERS contribution) was $9,697,301 and $7,271,222, respectively. At December 31, 2008, the GCRTA was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees, or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2006 actuarial computations (latest available) were as follows:

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2007 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 7 years. In subsequent years, (8 and beyond), health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

At December 31, 2008 and 2007, there were 363,503 and 364,076 active participants contributing to the plan. The GCRTA's actuarially required OPEB contribution for 2007 and 2006 equaled the actual amount contributed to OPERS by the GCRTA. In addition, at December 31, 2007 (the latest information available), the actual value of the plan's net assets available for OPEB approximated $12.8 billion and the actuarial accrued liability, based on the actuarial method used, was $29.8 billion and $17.0 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

On September 9, 2004 the OPERS Board of Trustees adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allows additional funds to be allocated to the health care plan.

**Supplemental Retirement Benefit Plan** – GCRTA pays supplemental retirement benefits to various classifications of individuals under several different arrangements. This plan is not governed under ERISA (Employee Retirement Income Security Act of 1974). In 2008 there were 1,255 participants in pay status and 2,081active employees and benefit payments of $87,647. In 2007 there were 1,222 participants in pay status and 2,210 active employees and benefit payments of $98,389.

As of December 31, 2008, the Supplemental Pension Fund liability was determined to be $1,016,876 based on the 2008 actuarial study. The market value of associated assets totaled $1,015,907 and $893,230 as of December 31, 2008 and 2007, respectively.

## 11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to third-party liability claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has a contract with an outside insurance company to provide all-risk property coverage with various limits on property and equipment of the Authority. The maximum limit of liability in any one occurrence, regardless of the number of locations or coverages involved, cannot exceed $500,000,000 and the deductible is $250,000. The Authority is self-insured for third-party bodily injury and property damage liability claims, but has protection for the catastrophic loss exposure. Settled claims have not exceeded the self insured retention in any of the last three years. The Authority purchases excess liability insurance to provide catastrophic protection of its assets against severe third party liability losses. This umbrella liability coverage is in the amount of $75,000,000 per accident in excess of a $5,000,000 self-insured retention.

The Authority provides employees healthcare benefits, which include medical, drug, dental, and vision. These benefits are provided through both insured and self-funded plans under group agreements.

The Authority is also an authorized self-insured employer in the State of Ohio and administers its own workers' compensation claims. Excess workers' compensation insurance coverage protects the Authority in excess of a self-insured retention of $300,000 in year one and declining thereafter.

The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2008 and 2007 was $5.4 and $5.3 million, respectively, and is included on the accompanying balance sheets as part of unrestricted net assets.

Changes in the Authority's self insurance liabilities for third-party public liability, property damage, worker's compensation and medical claims are reflected in the table below.

| | 2008 | | 2007 | | 2006 | |
|---|---|---|---|---|---|---|
| Balance, Beginning of Year | $ | 16,689,655 | $ | 14,830,798 | $ | 15,592,546 |
| Incurred Claims | | 23,351,763 | | 16,961,924 | | 15,606,889 |
| Payments | | (19,897,115) | | (15,103,067) | | (16,368,637) |
| Balance, End of Year | $ | 20,144,303 | $ | 16,689,655 | $ | 14,830,798 |
| Due Within One Year | $ | 7,050,506 | $ | 5,841,379 | $ | 5,190,779 |

## 12. SUBSEQUENT EVENTS

**Fuel Hedging Contracts** - In January 2009, in order to help plan its annual diesel costs as well as protect itself against price volatility in the market prices of the commodities, the Authority entered into forward contracts to hedge diesel (using low sulfur heating oil). It is possible that the index prices may be lower than the price at which the Authority committed to in the contracts. This would reduce the value of the contract and the Authority could sell the contract at a loss, or likewise if the index prices are higher, the value of the contracts would increase and the Authority could sell the contracts at a profit. If the Authority continues to hold the contract until maturity, they may make or receive termination payments to or from the counterparty to settle the obligation under the contract. These contracts settle on a monthly basis.

**Federal Investigation** - During June 2009, a Greater Cleveland Regional Transit Authority (GCRTA) employee was indicted on federal charges of bribery, extortion and mail fraud. GCRTA is fully cooperating with the federal government's investigation and is conducting its own investigation to determine the financial impact, if any, to the organization.

# 2008
# STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

# STATISTICAL SECTION

This part of the Greater Cleveland Regional Transit Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

| **Contents** | **Page(s)** |
|---|---|
| **Financial Trends**<br>These schedules contain trend information to help the reader understand how the Authority 's financial performance and well-being have changed over time. | **54-59** |
| **Revenue Capacity**<br>This schedule contains information to help the reader assess the Authority's most significant local revenue source, the sales tax.significant local revenue source, the sales tax. | **60** |
| **Debt Capacity**<br>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.issue additional debt in the future. | **61 - 64** |
| **Economic and Demographic Information**<br>These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place. | **65 - 67** |
| **Operating Information**<br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the Authority provides and the activities it performs. | **68 - 71** |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Authority implemented GASB Statement No. 34 in 2002.

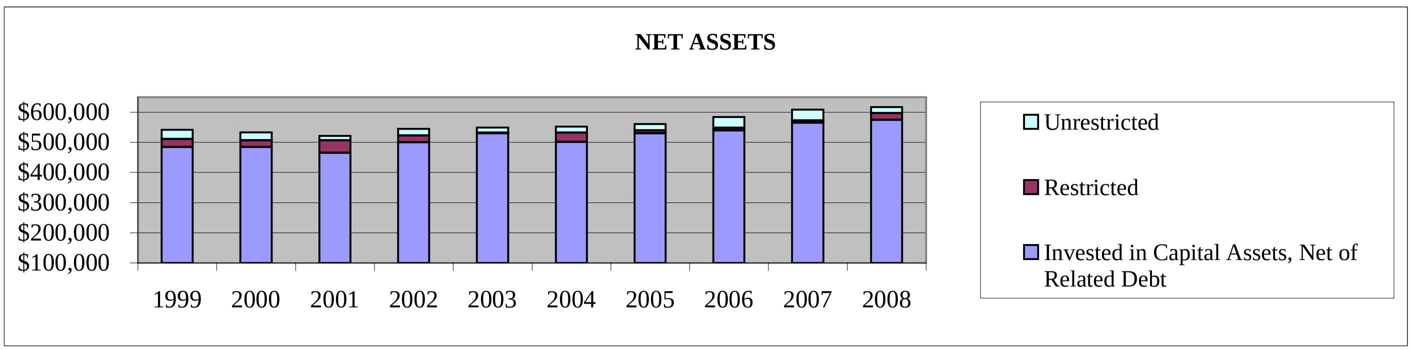
**TABLE 1**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**NET ASSETS BY COMPONENTS**

**LAST TEN YEARS (IN THOUSANDS)**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Invested in Capital Assets, Net of Related Debt | $484,660 | $484,603 | $465,181 | $500,149 | $529,740 | $501,672 | $530,319 | $539,310 | $565,353 | $574,960 |
| Restricted | 26,331 | 21,990 | 41,629 | 22,500 | 2,000 | 30,679 | 9,411 | 8,825 | 6,676 | 21,659 |
| Unrestricted | 30,640 | 27,140 | 14,673 | 22,004 | 17,866 | 20,220 | 20,871 | 35,624 | 36,060 | 20,434 |
| Total Net Assets | $541,631 | $533,733 | $521,483 | $544,653 | $549,606 | $552,571 | $560,601 | $583,759 | $608,089 | $617,053 |



## TABLE 2

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### CHANGES IN NET ASSETS
### LAST TEN YEARS (IN THOUSANDS)
### (UNAUDITED)

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues: | | | | | | | | | | |
| Passenger Fares | $41,773 | $41,584 | $41,042 | $38,185 | $38,412 | $37,578 | $38,569 | $40,924 | $43,230 | $47,671 |
| Advertising and Concessions | 2,258 | 3,005 | 2,234 | 1,737 | 1,450 | 2,539 | 1,658 | 1,525 | 1,317 | 1,382 |
| Total Operating Revenues | 44,031 | 44,589 | 43,276 | 39,922 | 39,862 | 40,117 | 40,227 | 42,449 | 44,547 | 49,053 |
| Operating Expenses | 206,681 | 220,270 | 231,137 | 211,564 | 228,854 | 220,068 | 231,566 | 228,845 | 238,499 | 252,035 |
| Depreciation Expense | 36,389 | 37,093 | 36,251 | 36,086 | 39,360 | 41,610 | 40,670 | 43,199 | 43,458 | 45,531 |
| Operating Loss | (199,039) | (212,774) | (224,112) | (207,728) | (228,352) | (221,561) | (232,009) | (229,595) | (237,410) | (248,513) |
| Nonoperating Revenues (Expenses) | | | | | | | | | | |
| Sales and use tax revenue | 151,406 | 161,273 | 157,297 | 157,212 | 159,050 | 168,659 | 167,127 | 170,477 | 175,051 | 168,304 |
| Federal Funds | 2,936 | 5,540 | 11,818 | 12,309 | 21,149 | 20,406 | 20,801 | 20,801 | 22,625 | 23,189 |
| Other State and Local Funds | 6,501 | 6,178 | 4,076 | 1,605 | 2,231 | 3,398 | 4,623 | 5,181 | 4,364 | 4,689 |
| Federal pass-through grants revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 667,621 | 3,939 |
| Investment Income | 2,654 | 2,743 | 1,713 | 1,535 | 622 | 413 | 1,538 | 2,782 | 2,595 | 2,186 |
| Interest Expense | (5,891) | (5,672) | (5,637) | (6,064) | (5,816) | (4,465) | (6,698) | (7,883) | (6,960) | (8,329) |
| Federal pass-through expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (667,621) | (3,939) |
| Other Income | (890) | 2,923 | 1,014 | 2,154 | 1,629 | 1,894 | 4,014 | 3,353 | 1,635 | 2,037 |
| Total Nonoperating Revenues (Expenses) | 156,716 | 172,985 | 170,281 | 168,751 | 178,865 | 190,305 | 191,405 | 194,711 | 199,310 | 192,076 |
| Net Loss | (42,323) | (39,789) | (53,831) | (38,977) | (49,487) | (31,256) | (40,604) | (34,884) | (38,100) | (56,437) |
| Capital Contributions | 31,580 | 31,891 | 41,581 | 62,147 | 54,440 | 35,221 | 48,633 | 58,762 | 62,431 | 65,401 |
| Change in Net Assets | ($10,743) | ($7,898) | ($12,250) | $23,170 | $4,953 | $3,965 | $8,029 | $23,878 | $24,331 | $8,964 |

**TABLE 3**
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**REVENUES BY SOURCE**
**LAST TEN YEARS (IN THOUSANDS)**
**(UNAUDITED)**

| YEAR | OPERATING | SALES AND USE TAXES | FEDERAL OPERATING GRANTS AND REIMBURSEMENTS | STATE/LOCAL OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE | INVESTMENT INCOME | PASS-THROUGH GRANTS REVENUE | OTHER | CAPITAL GRANT INCOME* | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| 1999 | $44,031 | $151,406 | $2,936 | $6,502 | $2,654 | $0 | $377 | $0 | $207,906 |
| 2000 | 44,589 | 161,992 | 5,540 | 6,178 | 2,743 | — | 2,923 | — | 223,965 |
| 2001 | 43,276 | 157,297 | 11,818 | 4,076 | 1,713 | — | 1,014 | — | 219,194 |
| 2002 | 39,922 | 157,212 | 12,309 | 1,605 | 1,535 | — | 2,154 | 62,147 | 276,884 |
| 2003 | 39,862 | 159,051 | 21,149 | 2,231 | 622 | — | 1,628 | 54,439 | 278,982 |
| 2004 | 39,117 | 168,659 | 20,406 | 3,398 | 413 | — | 1,894 | 35,221 | 269,108 |
| 2005 | 40,228 | 167,127 | 20,802 | 4,623 | 1,538 | — | 4,014 | 48,633 | 286,965 |
| 2006 | 42,449 | 170,477 | 20,081 | 5,181 | 2,782 | — | 3,353 | 58,762 | 303,085 |
| 2007 | 44,547 | 175,051 | 22,625 | 4,364 | 2,595 | 667 | 1,635 | 62,431 | 313,915 |
| 2008 | 49,053 | 168,304 | 23,189 | 4,689 | 2,186 | 3,939 | 2,037 | 65,401 | 318,798 |

*Beginning in 2002 Capital Income has been reported as revenue. Prior to 2002 these amounts were reported as a direct addition to net assets

**TABLE 4**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**REVENUES AND OPERATING ASSISTANCE - COMPARISON TO INDUSTRY TREND DATA**
**LAST TEN YEARS**
**(UNAUDITED)**

**TRANSPORTATION INDUSTRY (1):**

| | OPERATING AND OTHER MISCELLANEOUS REVENUE | | | OPERATING ASSISTANCE | | | |
|---|---|---|---|---|---|---|---|
| **YEAR** | **FARES** | **OTHER** | **TOTAL** | **STATE & LOCAL** | **FEDERAL** | **TOTAL** | **TOTAL REVENUES** |
| 1999 | 37.3% | 16.4% | 53.7% | 42.4% | 3.9% | 46.3% | 100.0% |
| 2000 | 36.1 | 17.4 | 53.5 | 42.4 | 4.1 | 46.5 | 100.0 |
| 2001 | 35.2 | 14.1 | 49.3 | 46.2 | 4.5 | 50.7 | 100.0 |
| 2002 | 32.5 | 17.3 | 49.8 | 45.3 | 4.9 | 50.2 | 100.0 |
| 2003 | 32.6 | 18.1 | 50.7 | 43.5 | 5.8 | 49.3 | 100.0 |
| 2004 | 32.9 | 16.7 | 49.6 | 43.4 | 7.0 | 50.4 | 100.0 |
| 2005 | 32.4 | 15.7 | 48.1 | 44.6 | 7.3 | 51.9 | 100.0 |
| 2006 | 33.2 | 15.2 | 48.4 | 43.9 | 7.7 | 51.6 | 100.0 |
| 2007 | 31.4 | 14.1 | 45.5 | 47.0 | 7.5 | 54.5 | 100.0 |
| 2008 | * | * | * | * | * | * | * |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:**

| | OPERATING AND OTHER MISCELLANEOUS REVENUE | | | OPERATING ASSISTANCE | | | |
|---|---|---|---|---|---|---|---|
| **YEAR** | **FARES** | **OTHER(2)** | **TOTAL** | **STATE & LOCAL(3)** | **FEDERAL** | **TOTAL** | **TOTAL REVENUES** |
| 1999 | 20.1% | 2.5% | 22.6% | 76.0% | 1.4% | 77.4% | 100.0% |
| 2000 | 18.6 | 3.8 | 22.4 | 75.1 | 2.5 | 77.6 | 100.0 |
| 2001 | 18.7 | 2.3 | 21.0 | 73.6 | 5.4 | 79.0 | 100.0 |
| 2002 | 17.8 | 2.5 | 20.3 | 74.0 | 5.7 | 79.7 | 100.0 |
| 2003 | 17.1 | 1.6 | 18.7 | 71.9 | 9.4 | 81.3 | 100.0 |
| 2004 | 16.1 | 1.6 | 17.7 | 73.6 | 8.7 | 82.3 | 100.0 |
| 2005 | 16.2 | 3.0 | 19.2 | 72.1 | 8.7 | 80.8 | 100.0 |
| 2006 | 16.7 | 3.2 | 19.9 | 71.9 | 8.2 | 80.1 | 100.0 |
| 2007 | 17.2 | 2.2 | 19.4 | 71.6 | 9.0 | 80.6 | 100.0 |
| 2008 | 19.1 | 2.3 | 21.4 | 69.3 | 9.3 | 78.6 | 100.0 |

* Not Available
P Preliminary
(1) Source: The American Public Transit Association, APTA 2008 Public Transportation Fact Book, Table 22.
(2) Other miscellaneous revenue includes advertising and concessions, interest income and other non-operating income.
(3) State & local operating assistance include sales and use tax revenues and state operating grants, reimbursements and special fare assistance.

**TABLE 5**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**EXPENSES BY FUNCTION**
**LAST TEN YEARS (IN THOUSANDS)**
**(UNAUDITED)**

| YEAR | TRANSPORTATION | MAINTENANCE | GENERAL AND ADMINISTRATIVE | DEPRECIATION | TOTAL OPERATING EXPENSES | INTEREST | FEDERAL PASS-THROUGH EXPENSES | OTHER | TOTAL EXPENSES |
|---|---|---|---|---|---|---|---|---|---|
| 1999 | $81,033 | $63,726 | $61,924 | $36,389 | $243,072 | $5,891 | $ — | $1,267 | $250,230 |
| 2000 | 85,647 | 67,727 | 66,896 | 37,093 | 257,363 | 5,672 | — | — | 263,035 |
| 2001 | 92,371 | 71,877 | 66,889 | 36,251 | 267,388 | 5,638 | — | — | 273,026 |
| 2002 | 88,306 | 70,073 | 53,185 | 36,085 | 247,649 | 6,064 | — | — | 253,713 |
| 2003 | 91,442 | 69,817 | 67,595 | 39,360 | 268,214 | 5,816 | — | — | 274,030 |
| 2004 | 93,738 | 68,675 | 57,655 | 41,610 | 261,678 | 4,465 | — | — | 266,143 |
| 2005 | 96,065 | 73,387 | 62,114 | 40,670 | 272,236 | 6,698 | — | | 278,934 |
| 2006 | 97,454 | 74,345 | 57,047 | 43,199 | 272,045 | 7,883 | — | — | 279,928 |
| 2007 | 98,065 | 77,489 | 63,613 | 43,458 | 282,625 | 6,960 | 667 | — | 290,252 |
| 2008 | 106,447 | 76,923 | 68,664 | 45,531 | 297,565 | 8,329 | 3,939 | — | 309,833 |

**TABLE 6**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**OPERATING EXPENSES - COMPARISON TO INDUSTRY TREND DATA**
**LAST TEN YEARS**
**(UNAUDITED)**

**TRANSPORTATION INDUSTRY (1):**

| YEAR | LABOR AND FRINGES | MATERIALS AND SUPPLIES | SERVICES | UTILITIES | SELF-INSURANCE CLAIMS | PURCHASED TRANSPORTATION | OTHER | TOTAL OPERATING EXPENSES** |
|---|---|---|---|---|---|---|---|---|
| 1999 | 70.9% | 9.2% | 5.9% | 3.3% | 2.2% | 11.5% | (3.0)% | 100.0% |
| 2000 | 69.8 | 10.0 | 5.7 | 3.2 | 2.2 | 12.2 | (3.1) | 100.0 |
| 2001 | 69.5 | 10.0 | 5.9 | 3.3 | 2.1 | 12.6 | (3.4) | 100.0 |
| 2002 | 70.2 | 9.2 | 6.2 | 3.1 | 2.5 | 12.0 | (3.2) | 100.0 |
| 2003 | 69.1 | 9.0 | 6.0 | 3.0 | 2.6 | 13.4 | (3.1) | 100.0 |
| 2004 | 68.7 | 9.1 | 5.8 | 3.0 | 2.6 | 13.4 | (2.6) | 100.0 |
| 2005 | 66.9 | 10.1 | 5.8 | 3.2 | 2.5 | 13.8 | (2.3) | 100.0 |
| 2006 | 66.1 | 11.3 | 5.9 | 3.2 | 2.5 | 13.4 | (2.4) | 100.0 |
| 2007 | 65.8 | 11.6 | 6.1 | 3.4 | 2.4 | 13.0 | (2.3) | 100.0 |
| 2008 | * | * | * | * | * | * | * | * |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:**

| YEAR | LABOR AND FRINGES | MATERIALS AND SUPPLIES | SERVICES | UTILITIES | SELF-INSURANCE CLAIMS | PURCHASED TRANSPORTATION | OTHER | TOTAL OPERATING EXPENSES** |
|---|---|---|---|---|---|---|---|---|
| 1999 | 73.9% | 8.6% | 4.8% | 3.6% | 1.4% | 4.4% | 3.3% | 100.0% |
| 2000 | 70.2 | 10.5 | 6.1 | 3.5 | 2.5 | 4.5 | 2.7 | 100.0 |
| 2001 | 69.7 | 9.7 | 4.2 | 4.1 | 5.1 | 4.9 | 2.3 | 100.0 |
| 2002 | 72.8 | 10.9 | 3.5 | 3.8 | 1.3 | 5.0 | 2.7 | 100.0 |
| 2003 | 69.3 | 8.7 | 6.9 | 3.5 | 3.8 | 5.0 | 2.8 | 100.0 |
| 2004 | 70.6 | 10.5 | 4.4 | 3.9 | 2.8 | 5.0 | 2.8 | 100.0 |
| 2005 | 69.6 | 12.8 | 4.6 | 4.2 | 3.1 | 2.7 | 3.0 | 100.0 |
| 2006 | 72.5 | 12.8 | 4.0 | 4.8 | 2.7 | 1.3 | 1.9 | 100.0 |
| 2007 | 71.8 | 12.9 | 4.5 | 3.9 | 3.5 | 1.3 | 2.1 | 100.0 |
| 2008 | 68.0 | 14.3 | 4.1 | 4.8 | 4.7 | 1.7 | 2.4 | 100.0 |

* Not Available
** Excludes Depreciation and Interest
Source:

(1) The American Public Transit Association, APTA 2008 Public Transportation Fact Book , Table 20.

**TABLE 7**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY**

**2008 and 2006***

2008

| Industry | Amounts Collected | Percentage of Total | |
|---|---|---|---|
| Motor Vehicle and Parts Dealers | $21,682,329 | 12.49 | % |
| Miscellaneous Store Retailers | 20,976,264 | 12.09 | |
| Information (including telecommunications) | 16,905,008 | 9.74 | |
| General Merchandise Stores | 15,375,910 | 8.86 | |
| Accommodation and Food Services | 13,643,238 | 7.86 | |
| Building Material and Garden Equipment & Supplies | 10,858,403 | 6.26 | |
| Administrative & Support Services, and Waste Management & Remediation Services | 7,082,976 | 4.08 | |
| Clothing and Clothing Accessories Stores | 6,749,615 | 3.89 | |
| Health and Personal Care Stores | 6,609,334 | 3.81 | |
| Real Estate, and Rental & Leasing of Property | 6,011,705 | 3.46 | |
| Total | $125,894,782 | 72.54 | % |
| Total Sales Tax Collection | $173,568,818 | | |

2006

| Industry | Amounts Collected | Percentage of Total | |
|---|---|---|---|
| Motor Vehicle and Parts Dealers | $22,187,422 | 13.16 | % |
| Miscellaneous Store Retailers | 21,327,990 | 12.65 | |
| General Merchandise Stores | 16,832,367 | 9.98 | |
| Information (Including Telecommunications) | 14,788,748 | 8.77 | |
| Accommodation and Food Services | 12,817,129 | 7.60 | |
| Building Material and Garden Equipment and Supplies | 11,872,208 | 7.04 | |
| Administrative and Support Services; Waste Management and Remediation Services | 6,864,163 | 4.07 | |
| Health and Personal Care Stores | 6,645,638 | 3.94 | |
| Clothing and Clothing Accessories Stores | 6,545,480 | 3.88 | |
| Real Estate, and Rental and Leasing of Property | 6,172,503 | 3.66 | |
| Total | $126,053,648 | 74.75 | % |
| Total Sales Tax Collection | $168,615,372 | | |

Source: Ohio Department of Taxation
*Information prior to 2006 is not available

**TABLE 8**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**LEGAL DEBT MARGIN**
**LAST TEN YEARS (IN THOUSANDS)**

**(UNAUDITED)**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| **OVERALL DEBT LIMITATION:** | | | | | | | | | | |
| Total Of All GCRTA Debt Outstanding | $99,920 | $101,238 | $129,782 | $124,857 | $120,262 | $152,529 | $144,841 | $161,080 | $151,473 | $176,340 |
| Exempt Debt | 99,920 | 101,238 | 129,782 | 124,857 | 120,262 | 152,529 | 144,841 | 161,080 | 151,473 | 176,340 |
| Net Indebtedness (Voted and Unvoted) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Assessed Valuation Of County - (Collection Year) | $25,633,181 | $28,572,250 | $28,699,372 | $28,545,714 | $30,305,032 | $30,647,572 | $30,646,005 | $33,158,047 | $32,460,486 | $31,880,330 |
| Overall Debt Limitation (%) | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| 5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation) | 1,281,659 | 1,428,613 | 1,434,969 | 1,427,286 | 1,515,252 | 1,532,379 | 1,532,300 | 1,657,902 | 1,623,024 | 1,594,017 |
| Net Indebtedness (Voted and Unvoted) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Overall Debt Margin | $1,281,659 | $1,428,613 | $1,434,969 | $1,427,286 | $1,515,252 | $1,532,379 | $1,532,300 | $1,657,902 | $1,623,024 | $1,594,017 |
| Legal Debt Margin as a Percentage of the Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| **UNVOTED DEBT LIMITATION:** | | | | | | | | | | |
| Unvoted Debt Limitation - 0.1% of County Assessed Valuation | $25,633 | $28,572 | $28,699 | $28,546 | $30,305 | $30,648 | $30,646 | $33,158 | $32,460 | $31,880 |
| Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year | (8,957) | (9,421) | (12,311) | (12,005) | (11,998) | (14,506) | (14,755) | (16,618) | (16,586) | (16,365) |
| Maximum Annual Debt Service Charges Permitted For New Debt Issuances | ($8,957) | ($9,421) | ($12,311) | ($12,005) | ($11,998) | ($14,506) | ($14,755) | ($16,618) | ($16,586) | ($16,365) |

**TABLE 9**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN YEARS (IN THOUSANDS EXCEPT PER CAPITA AMOUNTS) (UNAUDITED)**

| YEAR | POPULATION (1) | ASSESSED VALUE (2) | GENERAL BONDED DEBT | RATIO OF BONDED DEBT TO ASSESSED VALUE | BONDED DEBT PER CAPITA |
|---|---|---|---|---|---|
| 1999 | 1,372 | $25,633,181 | $99,920 | 0.39% | $72.83 |
| 2000 | 1,394 | 28,572,250 | 96,370 | 0.34 | 69.13 |
| 2001 | 1,380 | 28,699,372 | 123,030 | 0.43 | 89.15 |
| 2002 | 1,379 | 28,545,714 | 126,193 | 0.44 | 91.51 |
| 2003 | 1,364 | 30,306,032 | 120,262 | 0.40 | 88.17 |
| 2004 | 1,351 | 30,647,672 | 152,529 | 0.50 | 112.90 |
| 2005 | 1,336 | 30,646,005 | 144,841 | 0.48 | 108.41 |
| 2006 | 1,314 | 33,158,047 | 161,080 | 0.48 | 122.58 |
| 2007 | 1,296 | 32,460,486 | 151,473 | 0.47 | 116.88 |
| 2008 | 1,284 | 31,880,330 | 176,340 | 0.55 | 137.34 |

Sources:
(1) Estimates – Various Sources.
(2) Cuyahoga County Auditor's Office, Budget Commission – Collection Year Data

## TABLE 10

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### COMPUTATION OF DIRECT AND OVERLAPPING DEBT
### DECEMBER 31, 2008
### (UNAUDITED)

| | GROSS DEBT | DEBT SERVICE FUND | NET DEBT | PERCENT APPLICABLE (3) | AUTHORITY SHARE |
|---|---|---|---|---|---|
| Greater Cleveland Regional Transit Authority | $176,340 | $0 | $176,340 | 100% | $176,340 |
| County of Cuyahoga (1) | 248,900 | 16,224 | 232,676 | 100 | 232,676 |
| Cuyahoga County Cities, Villages, Townships (1) | 1,040,842 | 33,519 | 1,007,323 | 100 | 1,007,323 |
| Cuyahoga County School Districts (2) | 824,156 | 74,194 | 749,962 | 100 | 749,962 |
| Total Net Direct and Overlapping Debt | | | | | $2,166,301 |

(1) 2008 Tax Budgets filed in July, 2008 and certified unencumbered 2008 balances filed in January, 2009 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2008. Budgetary basis.

(3) Percent applicable to the Authority calculated using assessed valuation of the portion within the County divided by the assessed valuation of the taxing district. Assessed valuation of taxing districts furnished by Cuyahoga County Budget Commission.

## TABLE 11

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### LONG-TERM DEBT COVERAGE
### LAST TEN YEARS (IN THOUSANDS)

### (UNAUDITED)

| YEAR | GROSS REVENUES (1) | EXPENSES (2) | NET REVENUE AVAILABLE FOR DEBT SERVICE | PRINCIPAL | INTEREST | TOTAL | COVERAGE |
|---|---|---|---|---|---|---|---|
| 1999 | $207,906 | $206,683 | $1,223 | $3,620 | $5,891 | $9,511 | .13 |
| 2000 | 223,965 | 220,270 | 3,695 | 3,835 | 5,672 | 9,507 | .39 |
| 2001 | 219,194 | 231,137 | (11,943) | 4,198 | 5,637 | 9,835 | (1.21) |
| 2002 | 214,737 | 211,564 | 3,173 | 5,544 | 6,064 | 11,608 | .27 |
| 2003 | 222,401 | 228,854 | (6,453) | 5,931 | 5,816 | 11,747 | (0.55) |
| 2004 | 233,887 | 220,068 | 13,819 | 6,173 | 4,465 | 10,638 | 1.30 |
| 2005 | 238,331 | 231,566 | 6,765 | 7,687 | 6,698 | 14,385 | .47 |
| 2006 | 244,324 | 228,845 | 15,479 | 8,802 | 6,981 | 15,783 | .98 |
| 2007 | 250,816 | 239,166 | 11,650 | 9,607 | 7,012 | 16,619 | .70 |
| 2008 | 253,398 | 255,974 | (2,576) | 9,968 | 7,194 | 17,162 | (0.15) |

(1) Total revenues include interest and other non-operating revenues.
(2) Total expenses exclusive of depreciation, loss on disposal of assets and interest expense.

## TABLE 12

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### DEMOGRAPHIC STATISTICS
### (UNAUDITED)

| YEAR | COUNTY POPULATION (1) | MSA | PERSONAL INCOME (IN THOUSANDS) | PER CAPITA PERSONAL INCOME |
|---|---|---|---|---|
| 1980 | 1,498,400 | 1,898,825 | | |
| 1990 | 1,412,140 | 1,831,122 | | |
| 2000 | 1,393,978 | 1,863,479 | | |
| 2002 | 1,379,049 | 1,859,472 | | |
| 2003 | 1,363,888 | 1,848,348 | $ 30,686,116 | $ 22,499 |
| 2004 | 1,351,009 | 1,842,749 | 31,750,063 | 23,501 |
| 2005 | 1,335,317 | 1,830,011 | 31,936,777 | 23,917 |
| 2006 | 1,314,241 | 1,812,162 | 32,421,011 | 24,669 |
| 2007 | 1,295,958 | 1,794,211 | 33,344,999 | 25,730 |
| 2008 | 1,283,925 | 1,783,918 | 32,464,044 | 25,285 |

**AGE DISTRIBUTION (2)**

| | NUMBER | PERCENTAGE |
|---|---|---|
| Under 5 years | 90,996 | 6.5% |
| 5 – 9 yrs | 101,372 | 7.3 |
| 10 – 14 yrs | 99,235 | 7.1 |
| 15 – 19 yrs | 89,960 | 6.5 |
| 20 – 24 yrs | 77,515 | 5.6 |
| 25 – 34 yrs | 188,873 | 13.5 |
| 35 – 44 yrs | 219,449 | 15.7 |
| 45 – 54 yrs | 187,601 | 13.5 |
| 55 – 59 yrs | 65,599 | 4.7 |
| 60 – 64 yrs | 56,217 | 4.0 |
| 65 – 74 yrs | 107,327 | 7.7 |
| 75 – 84 yrs | 82,469 | 5.9 |
| 85 yrs and over | 27,365 | 2.0 |
| TOTAL | 1,393,978 | 100.0% |
| Median age | | 37 |
| Males | | 658,481 |
| Females | | 735,497 |

**DISTRIBUTION OF FAMILIES BY INCOME BRACKET (Average 3.06 persons) (3)**

| INCOME (2) | NUMBER | PERCENTAGE |
|---|---|---|
| $0 – 14,999 | $ 40,279 | 11.3% |
| $15,000 – 24,999 | 38,075 | 10.7 |
| $25,000 – 49,999 | 101,299 | 28.4 |
| $50,000 – 99,999 | 123,948 | 34.8 |
| $100,000 -199,999 | 41,701 | 11.7 |
| OVER $200,000 | 10,919 | 3.1 |
| TOTAL | $ 356,221 | 100.0% |
| MEDIAN FAMILY INCOME | $49,559 | |

Source:

(1) Ohio Department of Development – The Metropolitan Statistical Area (MSA), as defined by the Department of Development, includes Lake, Geauga, Medina, and Cuyahoga Counties. Population totals for 2003 are estimates provided by the U. S. Census Bureau.

(2) U. S. Census Bureau, Census 2000

(3) U. S. Census Bureau. Census 2000

(continued)

**TABLE 12**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**DEMOGRAPHIC STATISTICS**
**LAST TEN YEARS (Continued)**

**EMPLOYMENT-ANNUAL AVERAGE (1):**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Civilian Labor Force | 681,200 | 691,000 | 692,600 | 669,700 | 675,400 | 664,600 | 669,600 | 663,400 | 657,800 | 645,600 |
| Total Employed* | 649,900 | 659,900 | 661,700 | 624,900 | 629,600 | 623,700 | 629,000 | 626,700 | 617,900 | 601,800 |
| Total Unemployed | 31,300 | 311,000 | 31,000 | 44,000 | 45,800 | 40,900 | 40,600 | 36,700 | 39,900 | 43,800 |
| Unemployment Rate | 4.6% | 4.5% | 4.5% | 6.7% | 6.8% | 6.2% | 6.1% | 5.5% | 6.1% | 6.8% |

**EMPLOYMENT BY SECTOR (1):**
**(Amounts in 000's)**

| | MANUFACTURING | | WHOLESALE RETAIL TRADE | | PROFESSIONAL AND RELATED SERVICES | | FEDERAL, STATE AND LOCAL GOVERNMENT ** | | FINANCE, INSURANCE, REAL ESTATE | | TRANSPORTATION AND PUBLIC UTILITIES | | OTHER | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % |
| 1999 | 133.3 | 16.5 | 195.5 | 24.2 | 259.6 | 32.2 | 83.3 | 10.3 | 67.9 | 8.4 | 34.7 | 4.3 | 33.1 | 4.1 | 807.4* | 100.0 |
| 2000 | 128.8 | 16.0 | 189.3 | 23.6 | 264.4 | 32.9 | 83.9 | 10.4 | 68.4 | 8.5 | 34.8 | 4.3 | 34.7 | 4.3 | 804.3* | 100.0 |
| 2001 | 121.4 | 15.3 | 182.4 | 23.0 | 262.3 | 33.0 | 88.4 | 11.1 | 70.3 | 8.9 | 35.8 | 4.5 | 33.1 | 4.2 | 793.7* | 100.0 |
| 2002 | 96.5 | 12.4 | 118.5 | 15.3 | 320.5 | 41.2 | 102.7 | 13.2 | 68.3 | 8.8 | 23.4 | 3.0 | 47.6 | 6.1 | 777.5* | 100.0 |
| 2003 | 90.8 | 11.9 | 117.4 | 15.3 | 319.0 | 41.6 | 100.6 | 13.1 | 69.4 | 9.1 | 23.6 | 3.1 | 45.3 | 5.9 | 766.1* | 100.0 |
| 2004 | 89.2 | 11.7 | 113.4 | 14.9 | 320.7 | 42.2 | 99.3 | 13.1 | 69.4 | 9.1 | 23.7 | 3.1 | 45.0 | 5.9 | 760.7* | 100.0 |
| 2005 | 86.7 | 11.4 | 109.7 | 14.5 | 326.9 | 43.2 | 99.2 | 13.1 | 68.2 | 9.0 | 23.4 | 3.1 | 43.1 | 5.7 | 757.2* | 100.0 |
| 2006 | 85.9 | 11.3 | 108.9 | 14.4 | 332.0 | 43.8 | 98.9 | 13.1 | 65.9 | 8.7 | 23.6 | 3.1 | 42.5 | 5.6 | 757.7* | 100.0 |
| 2007 | 81.4 | 10.9 | 107.9 | 14.4 | 335.3 | 44.7 | 98.4 | 13.1 | 61.1 | 8.1 | 24.1 | 3.2 | 41.8 | 5.6 | 750.0* | 100.0 |
| 2008 | 79.8 | 10.9 | 105.6 | 14.4 | 330.0 | 44.9 | 98.2 | 13.3 | 57.1 | 7.8 | 23.5 | 3.2 | 40.5 | 5.5 | 734.7* | 100.0 |

Sources:

(1) Ohio Bureau of Employment Services

* Difference due to non-County residents employed in County.
** Federal employment was included beginning in 2003

(Concluded)

**TABLE 13**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**PRINCIPAL EMPLOYERS**

**2008 AND 1999**

**2008**

| Employer | Naure of Business | Employees | Percentage of Total County Employment |
|---|---|---|---|
| Cleveland Clinic Health System | Health Care | 32,415 | 5.4% |
| U.S. Office of Personnel Management | Federal Government | 13,101 | 2.2 |
| University Hospitals Health System | Health Care | 10,904 | 1.8 |
| Cuyahoga County | County Government | 9,566 | 1.6 |
| Group Management Services | PEO | 9,486 | 1.6 |
| Progressive Corporation | Insurance | 9,057 | 1.5 |
| Summa Health System | Health Care Provider | 8,923 | 1.5 |
| Giant Eagle Inc. | Grocery Store Chain | 8,800 | 1.5 |
| United States Postal Service | U. S. postal service | 8,032 | 1.3 |
| City of Cleveland | Municipal Government | 7,950 | 1.3 |
| | Total | 118,234 | 19.7% |
| | Total County Employment | 601,800 | |

**1999**

| Employer | Naure of Business | Employees | Percentage of Total County Employment |
|---|---|---|---|
| Cleveland Clinic Health System | Health Care | 19,739 | 3.0% |
| University Hospitals Health System | Health Care | 14,048 | 2.2 |
| U.S. Office of Personnel Management | Federal Government | 10,224 | 1.6 |
| Cuyahoga County | County Government | 9,682 | 1.5 |
| Cleveland Municipal School District | Public School District | 9,483 | 1.5 |
| KeyCorp | Financial Services | 8,606 | 1.3 |
| City of Cleveland | Municipal Government | 8,314 | 1.3 |
| U.S. Postal Service | U.S. Mail | 6,484 | 1.0 |
| Ford Motor Company | Automotive | 6,372 | 1.0 |
| Progressive Corporation | Insurance | 5,704 | 0.9 |
| | Total | 98,656 | 15.3% |
| | Total County Employment | 649,900 | |

Sources: Crain's Cleveland Business - Book of Lists 2009 and March 13, 2000
Ohio Bureau of Employment Services

**TABLE 14**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**OPERATING STATISTICS (1)**
**LAST TEN YEARS**
**(UNAUDITED)**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SYSTEM RIDERSHIP:** | | | | | | | | | | |
| Motor Bus | 49,140,405 | 51,591,534 | 47,100,582 | 45,157,626 | 48,768,342 | 44,969,751 | 44,533,491 | 44,577,504 | 46,335,972 | 46,623,903 |
| Heavy Rail | 5,658,763 | 7,340,705 | 8,232,176 | 7,186,189 | 7,372,472 | 7,282,845 | 7,472,908 | 7,029,344 | 7,306,663 | 7,639,381 |
| Light Rail | 4,164,389 | 4,318,399 | 4,444,545 | 3,057,728 | 3,160,523 | 2,560,710 | 3,089,707 | 2,844,207 | 3,198,883 | 3,261,923 |
| Demand Responsive | 340,190 | 310,894 | 281,191 | 323,976 | 248,427 | 297,087 | 335,970 | 343,443 | 481,112 | 385,310 |
| **AVERAGE WEEKDAY SYSTEM RIDERSHIP:** | | | | | | | | | | |
| Motor Bus | 169,338 | 170,191 | 165,203 | 152,444 | 157,764 | 162,303 | 166,238 | 166,754 | 164,548 | 166,364 |
| Heavy Rail | 19,500 | 18,736 | 19,132 | 17,052 | 15,824 | 17,331 | 18,733 | 18,892 | 20,397 | 20,914 |
| Light Rail | 14,351 | 13,654 | 13,093 | 10,699 | 9,300 | 9,395 | 9,506 | 10,030 | 11,044 | 11,432 |
| Demand Responsive | 1,173 | 1,209 | 1,140 | 1,103 | 1,080 | 1,343 | 1,530 | 1,550 | 1,661 | 1,778 |
| **AVERAGE WEEKDAY MILES OPERATED:** | | | | | | | | | | |
| Motor Bus | 91,394 | 91,626 | 89,600 | 85,427 | 85,585 | 81,972 | 86,751 | 80,134 | 79,029 | 71,674 |
| Heavy Rail | 6,309 | 3,854 | 3,823 | 3,582 | 3,529 | 5,002 | 3,566 | 3,593 | 3,584 | 3,443 |
| Light Rail | 3,831 | 2,749 | 2,656 | 2,628 | 2,647 | 3,150 | 2,661 | 2,459 | 2,446 | 2,464 |
| Demand Responsive | 5,502 | 7,092 | 6,765 | 6,768 | 6,576 | 6,129 | 7,941 | 8,200 | 9,259 | 8,072 |
| **REVENUE MILES:** | | | | | | | | | | |
| Motor Bus | 23,325,952 | 23,523,043 | 23,000,048 | 21,898,961 | 21,353,812 | 20,471,913 | 21,698,089 | 20,377,376 | 20,204,755 | 18,664,990 |
| Heavy Rail | 2,066,821 | 2,064,918 | 1,989,332 | 1,773,310 | 2,191,748 | 2,397,243 | 2,373,093 | 1,960,534 | 2,112,786 | 2,046,862 |
| Light Rail | 1,254,164 | 1,202,173 | 1,144,240 | 860,336 | 954,081 | 1,011,795 | 1,005,741 | 869,868 | 805,600 | 799,595 |
| Demand Responsive | 1,232,838 | 1,785,104 | 1,757,197 | 1,577,180 | 1,610,609 | 1,688,026 | 2,023,190 | 2,081,941 | 2,368,174 | 2,106,558 |
| **PASSENGER MILES:** | | | | | | | | | | |
| Motor Bus | 206,546,438 | 198,957,849 | 179,985,792 | 171,543,310 | 189,098,115 | 293,338,619 | 210,122,020 | 215,657,817 | 178,890,562 | 174,137,020 |
| Heavy Rail | 51,419,115 | 54,008,892 | 61,606,818 | 53,955,185 | 50,159,652 | 47,439,898 | 49,849,158 | 29,481,680 | 53,399,727 | 54,293,150 |
| Light Rail | 25,986,194 | 24,851,765 | 25,525,892 | 18,063,245 | 18,678,884 | 15,198,796 | 18,302,619 | 16,548,377 | 19,212,211 | 19,271,305 |
| Demand Responsive | 1,457,392 | 1,926,818 | 1,308,376 | 1,398,185 | 1,359,841 | 1,864,993 | 2,264,463 | 2,356,610 | 2,576,273 | 2,856,607 |

(Continued)

**TABLE 14**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**OPERATING STATISTICS (1)**
**LAST TEN YEARS (Continued)**
**(UNAUDITED)**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ENERGY CONSUMPTION:** | | | | | | | | | | |
| Motor Bus | | | | | | | | | | |
| (gallons of fuel) | 4,522,858 | 4,993,462 | 4,426,598 | 3,985,709 | 4,110,242 | 4,449,490 | 4,793,246 | 5,266,709 | 5,393,502 | 5,322,578 |
| (lbs. of natural gas) | 2,098,956 | 1,940,307 | 2,114,755 | 1,470,492 | 1,834,515 | 1,593,424 | 1,390,926 | 1,064,151 | 434,773 | 230,813 |
| Heavy Rail | | | | | | | | | | |
| (kilowatt hours) | 28,739,870 | 28,337,880 | 27,400,794 | 27,558,604 | 28,820,459 | 30,572,901 | 29,381,337 | 28,047,493 | 29,758,170 | 28,414,691 |
| Light Rail | | | | | | | | | | |
| (kilowatt hours) | 17,106,108 | 17,427,148 | 14,446,957 | 12,339,510 | 11,537,966 | 11,340,326 | 10,383,138 | 11,964,612 | 12,542,075 | 11,422,839 |
| Demand Responsive | | | | | | | | | | |
| (gallons of fuel) | 223,947 | 230,579 | 243,577 | 994,962 | 222,370 | 247,010 | 271,723 | 283,029 | 318,960 | 307,883 |
| **FLEET REQUIREMENT DURING PEAK HOURS:** | | | | | | | | | | |
| Motor Bus | 604 | 619 | 614 | 544 | 548 | 544 | 518 | 514 | 522 | 469 |
| Heavy Rail | 28 | 28 | 28 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Light Rail | 26 | 25 | 25 | 15 | 17 | 17 | 17 | 17 | 17 | 17 |
| Demand Responsive | 59 | 81 | 77 | 66 | 75 | 62 | 75 | 68 | 74 | 73 |
| **TOTAL ACTIVE VEHICLES DURING PERIOD:** | | | | | | | | | | |
| Motor Bus | 747 | 753 | 731 | 738 | 701 | 686 | 654 | 663 | 620 | 556 |
| Heavy Rail | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Light Rail | 47 | 47 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 |
| Demand Responsive | 83 | 81 | 77 | 82 | 76 | 74 | 75 | 77 | 77 | 86 |
| **NUMBER OF EMPLOYEES:** | 2,968 | 3,052 | 2,830 | 2,753 | 2,644 | 2,597 | 2,643 | 2,644 | 2,653 | 2,577 |

Source:
(1) National Transit Database Report, Urban Mass Transportation Act of 1964

(Concluded)

**TABLE 15**

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**OPERATING INFORMATION-CAPITAL ASSETS**
**FISCAL YEAR 1999 THROUGH FISCAL YEAR 2008 (IN THOUSANDS)**
**(UNAUDITED)**

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | | | | | | | |
| Land | $ 16,870 | $ 18,388 | $ 18,394 | $ 18,842 | $ 20,901 | $ 21,352 | $ 27,454 | $ 32,365 | $ 32,903 | $ 34,665 |
| Construction in Progress | 34,039 | 40,850 | 56,348 | 83,416 | 46,474 | 67,548 | 63,169 | 92,090 | 141,258 | 19,680 |
| Total Capital Assets Not Being Depreciated | 50,909 | 59,238 | 74,742 | 102,258 | 67,375 | 88,900 | 90,623 | 124,455 | 174,161 | 54,345 |
| Capital Assets Being Depreciated: | | | | | | | | | | |
| Infrastructure | 38,302 | 38,526 | 40,604 | 41,985 | 46,670 | 52,702 | 54,316 | 54,339 | 55,883 | 58,189 |
| Right of Ways | 217,046 | 217,740 | 230,090 | 238,765 | 240,718 | 248,327 | 251,540 | 251,668 | 266,911 | 270,116 |
| Building, Furniture & Fixtures | 351,204 | 364,669 | 366,379 | 370,381 | 386,376 | 387,749 | 421,230 | 429,803 | 439,884 | 442,177 |
| Transportation and Other Equipment | 290,605 | 298,017 | 308,136 | 322,119 | 376,079 | 367,305 | 373,103 | 389,577 | 398,111 | 419,449 |
| Bus Rapid Transit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 157,845 |
| Total Capital Assets Being Depreciated | 897,157 | 918,952 | 945,209 | 973,250 | 1,049,843 | 1,056,083 | 1,100,189 | 1,125,387 | 1,160,789 | 1,347,776 |
| Less Accumulated Depreciation: | | | | | | | | | | |
| Infrastructure | 4,124 | 4,480 | 4,863 | 5,363 | 6,095 | 6,933 | 7,991 | 9,127 | 10,298 | 11,481 |
| Right of Ways | 78,360 | 85,130 | 92,415 | 98,557 | 104,822 | 111,026 | 117,220 | 123,437 | 129,861 | 136,439 |
| Building, Furniture & Fixtures | 93,243 | 101,298 | 112,126 | 124,037 | 136,235 | 148,662 | 159,165 | 172,464 | 185,914 | 199,129 |
| Transportation and Other Equipment | 182,899 | 198,700 | 214,089 | 222,545 | 221,089 | 224,555 | 230,721 | 242,346 | 264,318 | 274,720 |
| Bus Rapid Transit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 557 |
| Total Accumulated Depreciation: | 358,626 | 389,608 | 423,493 | 450,502 | 468,241 | 491,176 | 515,097 | 547,374 | 590,391 | 622,326 |
| Net Capital Assets Being Depreciated | 538,531 | 529,344 | 521,716 | 522,748 | 581,602 | 564,907 | 585,092 | 578,013 | 570,398 | 725,450 |
| Net Capital Assets, End of Year | $ 589,440 | $ 588,582 | $ 596,458 | $ 625,006 | $ 648,977 | $ 653,807 | $ 675,715 | $ 702,468 | $ 744,559 | $ 779,795 |

Note: Prior to 2002, Infrastructure was combined with Right of Ways under Capital Assets Being Depreciated. Also, Accumulated Depreciation was shown as a total and not allocated to individual asset types. Years 1998-2001 were updated to report these items on a proportionate basis.

## TABLE 16

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### FAREBOX RECOVERY PERCENTAGE
### LAST TEN YEARS
### (UNAUDITED)

| YEAR | PERCENTAGE |
|---|---|
| 1999 | 21.3 |
| 2000 | 20.2 |
| 2001 | 18.7 |
| 2002 | 18.9 |
| 2003 | 17.4 |
| 2004 | 17.6 |
| 2005 | 17.4 |
| 2006 | 18.5 |
| 2007 | 18.7 |
| 2008 | 19.5 |

NOTE – Represents operating revenues divided by operating expenses before depreciation.

### FARE STRUCTURE
### DECEMBER 31, 2008

| Cash Fares (Effective 10/27/08) | |
|---|---|
| Bus | 2.00 |
| Rapid | 2.00 |
| Park-N-Ride Bus | 2.25 |
| Trolley/Loop/Circulator | 1.25 |
| Senior/Disabled | 0.85 |
| Paratransit | 2.00 |
| Out-of-County | 3.25 |

| Farecards - 5 Ride (Effective 10/27/08) | |
|---|---|
| Bus/Rapid | $10.00 |
| Park-N-Ride Bus | $11.25 |
| Trolley/Loop/Circulator | $6.25 |
| Senior/Disabled | $4.25 |

| Monthly Passes (Effective 10/27/08) | |
|---|---|
| Bus/Rapid | $76.00 |
| Park-N-Ride Bus | $85.00 |
| Senior/Disabled | $32.00 |

| 7 Day Passes (Effective 10/27/08) | |
|---|---|
| Bus/Rapid | $20.00 |
| Park-N-Ride Bus | $22.50 |
| Senior/Disabled | $8.50 |

| All Day Passes (Effective 10/27/08) | |
|---|---|
| Individual | $4.50 |
| Senior/Disabled/Child | $2.00 |

Student ticket  $1.60 per trip*

* Available only through local schools

Children under 6 yrs. of age with adult-up to three children - Ride Free

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Greater Cleveland Regional Transit Authority
1240 West Sixth Street
Cleveland, Ohio 44113-1331

rideRTA.com

# The Greater Cleveland Regional Transit Authority

## Single Audit Reports
## December 31, 2008

# The Greater Cleveland Regional Transit Authority

## For the Year Ended December 31, 2008

### Table of Contents

# Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the financial statements of the Greater Cleveland Regional Transit Authority ("the Authority") as of and for the year ended December 31, 2008, and have issued our report thereon dated July 28, 2009, wherein we noted that the Authority adopted *GASB Statement Nos. 49 and 50*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

C&P Advisors, LLC
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Board of Trustees
Greater Cleveland Regional Transit Authority

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Trustees, Management, the Auditor of State's office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
July 28, 2009

Ciuni &
Panichi
CPAs and Business Advisors

# Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Greater Cleveland Regional Transit Authority

## Compliance

We have audited the compliance of the Greater Cleveland Regional Transit Authority ("the Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

## Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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A *control deficiency* in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2008, and have issued our report thereon dated July 28, 2009, wherein we noted that the Authority adopted *GASB Statement Nos. 49 and 50*. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, Management, the Auditor of State's office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
July 28, 2009

# Greater Cleveland Regional Transit Authority

## Schedule of Expenditures of Federal Awards

## For the Year Ended December 31, 2008

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| U.S. Department of Transportation: | | | |
| Federal Transit Cluster/Direct Programs: | | | |
| Federal Transit Administration Capital and Operating Assistance Formula Grants | 20.507 | N/A | $ 39,195,885 |
| Federal Transit Administration Capital Improvement Grants | 20.500 | N/A | 44,444,304 |
| Total Federal Transit Cluster/Direct Programs | | | 83,640,189 |
| Job Access and Reverse Commute | 20.516 | N/A | 259,735 |
| Federal Highway Administration: | | | |
| Federal Highway Administration Planning and Construction Grants: | | | |
| 2007 | 20.205 | N/A | 836,070 |
| 2008 | 20.205 | N/A | 730,457 |
| Total Federal Highway Administration Planning and Construction Grants | | | 1,566,527 |
| Federal Highway Administration Capital Improvement Grant | 20.500 | N/A | 211,078 |
| Total Federal Highway Administration | | | 1,777,605 |
| Total U.S. Department of Transportation | | | 85,677,529 |
| U.S. Department of Homeland Security: | | | |
| Passed Through Ohio Emergency Management: | | | |
| Rail and Transit Security Grant Program Urban Areas Security Initiative | 97.075 | 2005-GB-T5-0016 | 118,628 |
| Total expenditures of federal awards | | | $ 85,796,157 |

The accompanying notes are an integral part of this schedule.

# Greater Cleveland Regional Transit Authority

## Notes to the Schedule of Expenditures of Federal Awards

## For the Year Ended December 31, 2008

### Note 1 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (Schedule) reflects the expenditures of the Greater Cleveland Regional Transit Authority under programs financed by the U.S. government for the year ended December 31, 2008. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Authority and agencies and departments of the federal government. Expenditures for federal award programs are recognized on the accrual basis of accounting.

### Note 2 – Federal Highway Administration Planning and Construction Grants, CFDA # 20.205

In 2007 $836,070 was omitted from the schedule of expenditures of federal awards. The omitted 2007 amounts are being reporting in 2008 as noted in the schedule of federal awards. It should also be noted that the inclusion of these amounts in 2007 schedule would not have changed the major program determination for 2007.

# Greater Cleveland Regional Transit Authority

## Schedule of Findings
## OMB Circular A-133 Section .505

**December 31, 2008**

### 1. Summary of Auditors' Results

| | | |
|---|---|---|
| (d)(I)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(I)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(I)(ii) | Were there any other significant control deficiencies reported at the financial statement level (GAGAS)? | No |
| (d)(I)(iii) | Was there any material reported noncompliance at the financial statement level (GAGAS)? | No |
| (d)(I)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(I) (iv) | Were there any other significant control deficiencies reported for major federal programs? | No |
| (d)(I) (v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(I)(vi) | Are there any reportable findings under Section .510? | No |
| (d)(I)(vii) | Major Program | Federal Transit Authority Cluster/Direct Programs:<br>Capital Improvement Grants, CFDA # 20.500<br>Capital and Operating Assistance Formula Grants, CFDA # 20.507 |
| (d)(I)(viii) | Dollar Threshold: Type A/B Programs | Type A:>$ 2,573,885<br>Type B: All Others |
| (d)(I)(ix) | Low Risk Auditee? | No |

### 2. Findings Related To the Financial Statements Required To Be Reported in Accordance With GAGAS

None

### 3. Findings and Questioned Costs for Federal Awards

None

# Greater Cleveland Regional Transit Authority

## Corrective Action Plan
## OMB Circular A-133 Section .315(c)

**December 31, 2008**

The December 31, 2008 audit reported no audit findings as defined in OMB Circular A-133, Section .510. Therefore, preparation of a corrective action plan is not applicable.

# Greater Cleveland Regional Transit Authority

**Schedule of Prior Audit Findings**
**OMB Circular A-133 Section .315(b)**

**December 31, 2008**

None noted.

Mary Taylor, CPA
Auditor of State

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**NOVEMBER 5, 2009**

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